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ABSTRACT

This workbook is intended to assist schools that participate in the William D. Ford Direct Loan Program gain the necessary skills to reconcile their loan records with U.S. Department of Education data each month. After an introduction that offers general information, establishes course goals and objectives, and sets out the course agenda, the first work section presents an overview of the reconciliation process, provides a definition of reconciliation, examines scheduling and monitoring of the data flow, explains the 30-day reporting requirement, and identifies the three key players. Section 2 which covers managing cash components, also provides a chart of cash-management related direct loan bulletins, and discusses the direct loan cash equation. Section 3 is on performing monthly reconciliations; it includes lessons on documenting monthly reconciliation efforts, the direct loan school account statement, other reconciliation reports, and resolving the monthly ending cash balance. Section 4 covers program year closeouts, explains the difference between the monthly reconciliation process and the program year closeout, and explains how to use various reports and compare programs. All three work sessions end with a simulation exercise. Appended are materials for the simulation exercises; information on direct loan bulletins and charts; and various reports and logs. (SM)

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ED 449 692

Road to Reconciliation

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Participant's Workbook

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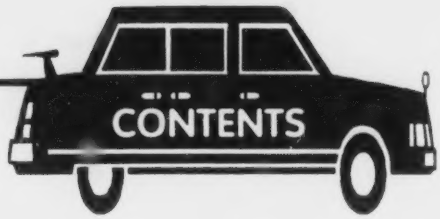

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ROAD TO RECONCILIATION

INTRODUCTION

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Part 1. General Information

Part 2. Course Goal and Objectives

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SLIDES 0-2

PART 1

GENERAL INFORMATION

Introducing the Instructors

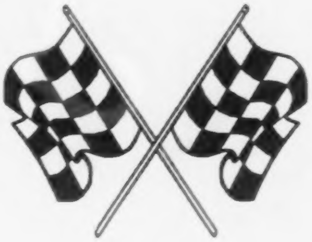
Housekeeping Information

- Restrooms
- Fire exits
- Telephones
- Refreshments
- Ground rules
- Breaks
- Smoking areas

SLIDES
3-4

PART 2

COURSE GOAL AND OBJECTIVES



Goal: To assist Direct Loan schools in gaining the necessary skills to reconcile their loan records with the U.S. Department of Education's (ED's) data each and every month.

Objectives

You will:

- Define "reconciliation" and map out the Direct Loan process flow
- Identify the cash equation components and build the Direct Loan cash equation
- Complete a three-month simulation of Direct Loan reconciliation
- Understand the Direct Loan School Account Statement (DLSAS) and monthly reconciliation
- Learn about program year closeout and distinguish it from monthly reconciliation

SLIDES
5-6

PART 3

COURSE AGENDA

Introduction - Road to Reconciliation

Session 1 - Overview

Session 2 - Cash on Campus

Session 3 - Performing Monthly Reconciliation

Session 4 - Program Year Closeout

Note: There will be two scheduled breaks throughout the day and a lunch break.

Contents of Participant's Workbook:

- Introduction
- Session 1
- Session 2
- Session 3
- Session 4
- Appendices

OVERVIEW

SESSION CONTENTS

Part 1. Definition of Reconciliation

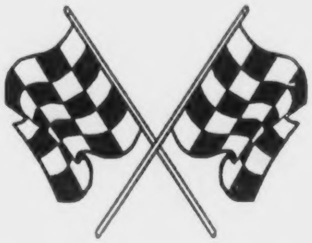
Part 2. Mapping it Out

- How to Schedule and Monitor This Flow of Data
- 30-Day Reporting Requirement

Part 3. Zooming in on the Three Key Players

SLIDES
0-2

SESSION GOAL AND OBJECTIVES



Goal: To review Direct Loan (DL) processing so you will have a common starting point from which to learn more complex topics about reconciliation.

Objectives

You will:

- Define the term "reconciliation"
- Map out the Direct Loan processing data flow
- Zoom in on the three key reconciliation players

SLIDES
3-5

PART 1

DEFINITION OF RECONCILIATION

What the does the term "reconciliation" mean to you?

The U.S. Department of Education's (ED's) Official Definition of Reconciliation:

DLB 97-49, Direct Loan Reconciliation Redesign - See Appendix B, page 2.

Excerpts from *The Blue Book* See Appendix B, page 27.

SLIDES
6-8

PART 2

MAPPING IT OUT

Listed below is a list of types of data exchanged in the Direct Loan process flow. There is space provided below the list if you can think of additional types of data exchanged.

On page 5, you will see a map showing the main Direct Loan players. The instructor will lead you through a group activity using a wall diagram to identify and label the flow of data between the various players. Please follow along by placing and labeling arrows in your workbook to indicate the types of data exchanged between these players.

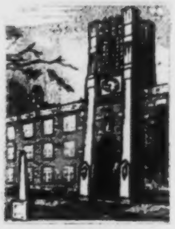
Loan Origination Record (LOR)
LOR Acknowledgement
Disclosure Statement (Discl)
Promissory Note (P-Note)
P-Note Acknowledgement
Disbursement to Student
Disbursement Record (Disb)
Disbursement Acknowledgement
Disbursement Booking Notification (Bking Notif)
Booked Loan Sent to DL Servicing Center
Welcome Letter
Drawdown
Excess Cash
Direct Loan School Account Statement (DLSAS)
Student Payment of Loan

SLIDES
9-10

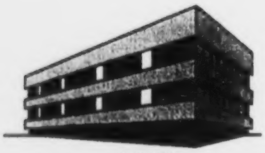
The Map

DL SERVICING CENTER

BORROWER


SCHOOL

GAPS


LOC

SLIDES 11-14

How to Schedule and Monitor This Flow of Data

As you can see from the map on the previous page, successful Direct Loan processing requires exchanging a variety of data with many players. Reconciliation, either monthly or year-end, is simply the logical ending point of the data flow, and it is made relatively easy with an organized approach to the process. ED recommends that all schools establish a production schedule and maintain a processing log to ensure this organized approach.

The production schedule is simply a reminder to ensure you've completed all the processing of your Direct Loans. It largely follows the processing batches of records.

EXAMPLE PRODUCTION SCHEDULE

	Monday	Tuesday	Wednesday	Thursday	Friday
AM	Import Full Acks			Import Full Acks	
AM	Import PLUS Cr			Import PLUS Cr	
AM	Import Chg Ack			Import Chg Ack	
AM	Import Disb Ack			Import Disb Ack	
ALLDAY	Enter Loan Recs	Enter Chng	Enter Loan Recs	Enter Chg Recs	Enter Loan Recs
ALLDAY	Rec MPNs Sgnd	Recs	Rec MPNs Sgnd	Rec MPNs Sgnd	Rec MPNs Sgnd
ALLDAY	Record Disbs	Rec MPNs Sgnd	Record Disbs	Record Adjs	Record Disbs
PM	Export LORs	Record Adjs	Export LORs	Export LORs	Export LORs

Blank production schedule
See Appendix C, page 2.

The processing log helps you track batches of records as you export, transmit, receive, and import these files.

Example processing log
See Appendix C, page 3.

SLIDES
15-16

30-Day Reporting Requirement

Although the intent of production schedules and processing logs is to ensure smooth and complete processing of Direct Loans, these tools can also assist in keeping schools in compliance. Section 685.301(d) of the Direct Loan Program regulations requires that schools submit to ED (theLOC in this case) a loan origination record, promissory note, and disbursement record within 30 days of the initial disbursement. Keep in mind that multi-loan linking and multi-year functionality of the master promissory note may have resulted in the promissory note already being on file at the LOC for new subsidized and unsubsidized loans. Furthermore, schools must submit to the LOC the disbursement record for each subsequent disbursement within 30 days of the disbursement. Because actual disbursement adjustments are disbursement records, they too fall under this requirement and must be submitted to the LOC within 30 days of the disbursement adjustment.

Key Point

Schools must submit the loan origination record, promissory note, and disbursement record to ED within 30 days of the initial disbursement. All subsequent disbursement (and adjustment) records must also be submitted within 30 days of the disbursement.

NOTES:

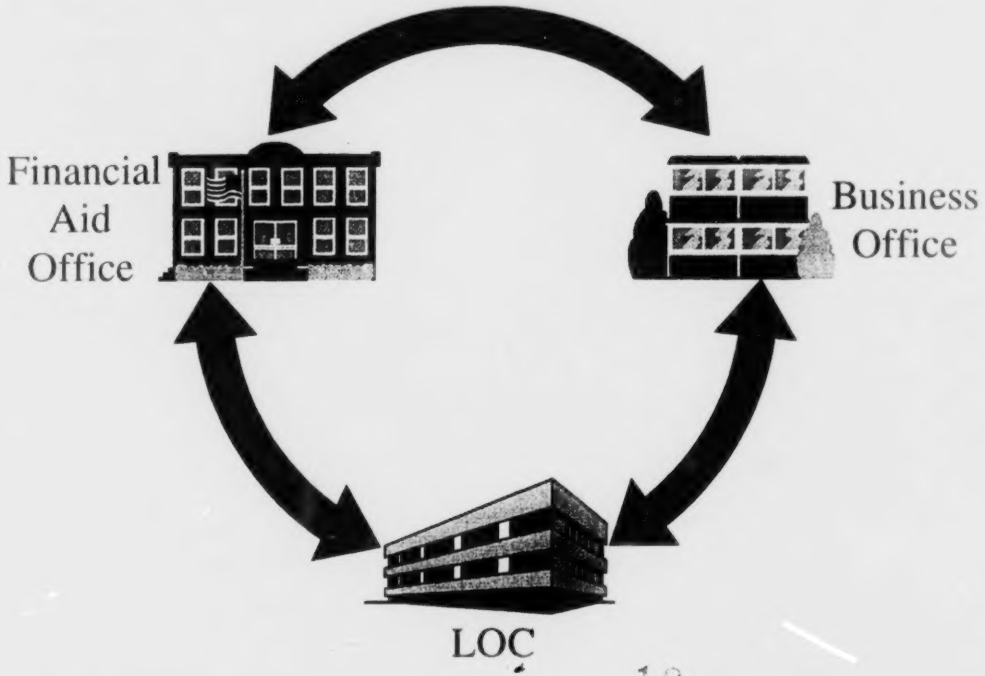
SLIDES
17-19

PART 3

ZOOMING IN ON THE THREE KEY PLAYERS

In Part 2, we examined a global map of the main participants in the Direct Loan process: the borrower, the school, the LOC, the Grant Administration and Payment System (GAPS), and the Direct Loan Servicing Center (DLSC). In this part, we'll zoom in on the three key players that handle the vast majority of Direct Loan data and the reconciliation process. The key players are the school's financial aid office, the school's business office, and the LOC.

Examples of information typically not shared:



CASH ON CAMPUS

SESSION CONTENTS

Part 1. How Much is in the Gas Can?

Part 2. Managing the Cash Components

- Beginning Cash Balance
- Drawdowns
- Excess Cash
- Disbursements
- Upward Adjustments
- Downward Adjustments
- Ending Cash Balances
- Chart of Recent Cash Management-Related Direct Loan Bulletins (DLBs)

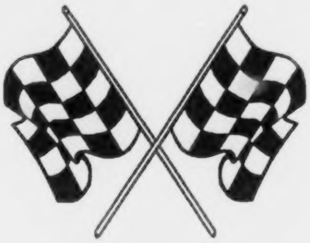
Part 3. The Direct Loan Cash Equation

Part 4. Reconciliation Road Test: Month 1 *(Simulation)*

SLIDES
0-2

SESSION GOAL AND OBJECTIVES

Goal: To understand the cash balance equation and its individual components.



Objectives

You will:

- Identify cash transactions that increase or decrease the school's ending cash balance
- Understand how the individual components impact the cash equation and ending cash balance
- Organize the separate types of cash transactions into a mathematical formula that represents the school's ending cash balance

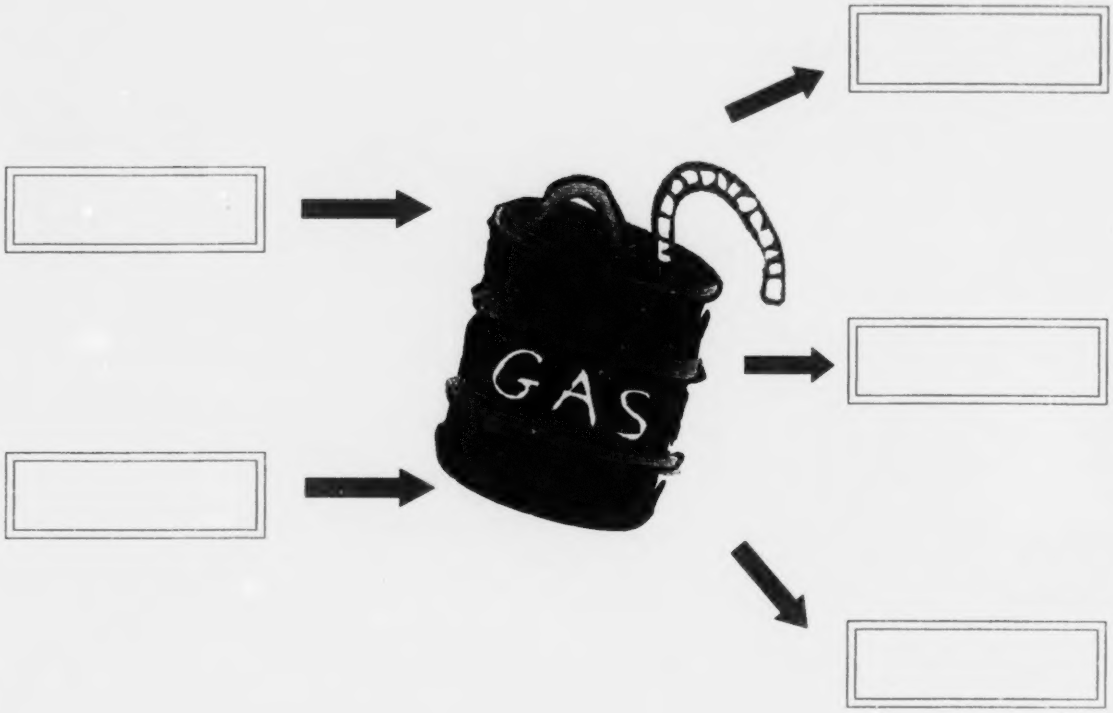
21

SLIDES
3-5

PART 1

HOW MUCH IS IN THE GAS CAN?

In the blank boxes around the gas can diagram, fill in five types of cash transactions that affect a school's ending cash balance. Draw arrows pointing into the gas can to illustrate transactions that increase a school's cash balance. Draw arrows pointing out of the gas can to illustrate transactions that decrease a school's cash balance.



SLIDES
6-8

PART 2

MANAGING THE CASH COMPONENTS

We will now discuss the individual cash components.

Beginning Cash Balance

This figure is always zero at the beginning of the award year. All award years are now accounted separately. Each award year starts with a zero cash balance, and each must end with a zero cash balance.

For monthly reconciliation, the first month will begin with a zero beginning cash balance. After the initial month, the ending cash balance of the preceding month becomes the beginning cash balance of the next month.

Drawdowns

Drawdowns, also known as cash receipts, are funds a school obtains to disburse to borrowers. Drawdowns increase a school's cash balance and remain a part of its cash balance until the funds are either disbursed to borrowers or returned to the U.S. Department of Education (ED) as excess cash. Funds are obtained from the Treasury through the Grant Applications and Payment System (GAPS). Option 2 schools request funds directly from GAPS. Option 1 schools and Standard Origination schools have their funds requested in GAPS by the Loan Origination Center (LOC). Drawdown information is reported by GAPS to the LOC.

Moving Funds in GAPS

Option 2 schools are tasked with the responsibility of moving funds from year to year in GAPS, when necessary. Schools may move amounts to a correct award year, provided the net effect is zero. That is, as long as the same amount that is moved out of one award year is moved into another award year, GAPS edits will not prevent schools from doing so. Schools should contact the GAPS Helpline (1-888-336-8930) or Direct Loan Operations (1-202-205-6466) for assistance.

SLIDE
9

Excess Cash

Excess cash decreases a school's cash balance because it is money that is returned to ED. Excess cash is a somewhat misapplied term in the Direct Loan Program. Technically, excess cash is only those funds that are drawn down but not disbursed within three business days, and then they are returned to ED. Idle cash, a closely related term, denotes funds that were disbursed but were returned to the school's Title IV account. When idle cash cannot be re-disbursed to eligible students within required time frames, it also must be returned to ED. Although this is not technically excess cash, the return of these funds are, nevertheless, commonly referred to as excess cash. The return of idle cash is completed following the same procedures as excess cash.

Cash Return Timelines - Charts I and II
See Appendix B, page 33.

INFO

Under certain circumstances, schools may hold funds for up to seven calendar days if the school qualifies for an excess cash tolerance.

Excess Cash Tolerance Regulations
See Appendix B, page 35.

NOTES:

SLIDE 10

Excess cash returned to ED is credited against the school's cash balance. In other words, for every dollar a school returns as excess cash (excess cash or idle cash) its cash balance is reduced by a dollar. Excess cash transactions are school specific, not borrower specific. For this reason, borrowers are not identified in excess cash returns, but schools are identified through their Direct Loan "G" or "E" codes. Additionally, schools must clearly identify to which award year the returns of excess cash should be applied.

DLB 99-60, Return of Direct Loan Excess Cash See Appendix B, page 11.

DLB 99-74, Returning Direct Loan Funds See Appendix B, page 21.

Disbursements

Disbursements are funds transferred as credits to a student's account or as actual cash or check payments to borrowers. Option 2 schools may expend institutional funds and then request a drawdown through GAPS to "reimburse" themselves. Or they can first draw down the funds through GAPS, then disburse these funds to borrowers.

Disbursements decrease a school's cash balance because they are funds transferred to a borrower and, provided certain booking and other conditions are met, transfer liability of funds from the school to the borrower.

Key Point

Disbursements that are not booked remain a liability of the school. Liability for the loan and for loan proceeds disbursed on the loan transfers to ED only after the loan is booked. A loan disbursement cannot book until the LOC has an accepted origination record, promissory note, and disbursement record.

SLIDES
11-12

Upward Adjustments

Upward adjustments decrease a school's cash balance because the school is increasing the amount of the disbursement. These are fairly rare transactions reserved for reactivating disbursements and correcting initial disbursement entry errors. Again, for these transactions to lower the school's cash balance, the disbursement adjustment must be booked.

DLB 99-66, Guidance on Processing Adjustments to Actual Disbursements
See Appendix B, page 12.

Downward Adjustments

When schools adjust disbursements down, they are disbursing less cash. When a school decreases the amount that was disbursed to a borrower and makes a disbursement adjustment transaction in its Direct Loan system, this automatically increases its cash balance by that net amount. Since these funds are now available, an Option 2 school either can disburse this idle cash to another eligible borrower within the same program or award year, or it can return the funds as excess cash. Downward adjustments must also be booked to affect the school's cash balance.

Idle Cash Scenarios
See Appendix B, page 36.

INFO

Option 1 schools and Standard Origination schools receive borrower-specific drawdown funds and must return all excess cash and idle cash to the LOC.

The 120-Day Rule

Disbursement adjustments depend on why and when they're made. In addition to the normal notifications and disclosures required within the Direct Loan Program, the "120-Day Rule" is also very important. A school that has a portion of a disbursement returned by a borrower within 120 days of the disbursement date may adjust the disbursement down. Downward adjustments result in the reduction of corresponding loan fees and interest charged against the borrower on the returned portion.

Credit of Loan Fee: 120-Day Rule
See Appendix B, page 37.

However, under regulations effective July 1, 1998, the 120-Day Rule does not apply when schools return funds to comply with a statutory/regulatory requirement. Borrowers are not charged loan fees or interest on returned funds in these circumstances, regardless of when the action that required the return of funds occurred, or when the school returns the funds.

Option 2 schools may use these funds to disburse to other borrowers within the same program year, or they must return the funds as excess cash within seven calendar days. Because drawdowns for Option 1 schools and Standard Origination schools are borrower specific, any funds returned by a borrower within 120 days must be returned to ED within seven calendar days as excess cash.

Borrowers returning funds to the school after 120 days of disbursement cannot have their disbursements adjusted down. These funds should be sent as payments on behalf of the borrower to the Direct Loan Payment Center. These funds are not excess cash and, therefore, should be identified with the borrower, not the school.

When a school returns Direct Loan funds to ED, it must consider whether these funds are excess cash or borrower payments.

120-Day Rule Scenarios
See Appendix B, page 38.

SLIDE 13

Ending Cash Balance

The ending cash balance is the sum of all cash components. At the end of each month, the ending cash balance becomes the beginning cash balance of the following month. At the end of the program or award year the ending cash balance must be zero. Although the individual components were discussed in some detail previously, in general, a zero ending cash balance means total net drawdowns (drawdowns minus excess cash) equal total net disbursements (disbursements plus/minus adjustments.)

NOTES:

RECENT CASH MANAGEMENT-RELATED DIRECT LOAN BULLETINS (DLBs)

Bulletin Number	Date Released	Subject
DLB 99-74	12/99	Returning Direct Loan Funds Short version: ✦ The 120-Day Rule does not apply when complying with regulatory or statutory requirements for returns of Title IV aid ✦ If returning funds for program yrs - 1, 2, 3, or 4, notify the Direct Loan School Operations office ✦ Use the Excess Cash/Borrower Payment Transmittal form
DLB 99-66	11/99	Guidance on Processing Adjustments to Actual Disbursements Short version: ✦ Upward adjustments to actual disbursements should be made only when correcting an error or when reactivating a disbursement.
DLB 99-60	10/99	Return of Direct Loan Excess Cash Short version: ✦ Excess cash must be sent to the LOC in Montgomery, AL

SLIDES
15-16

PART 3

THE DIRECT LOAN CASH EQUATION

Instructions

In the space provided, please write your own equation, using the Direct Loan cash components, which expresses the school's ending cash balance. Once this is completed, we will populate the equation below, based on class discussion.

$$\boxed{} + \boxed{} - \boxed{} - \boxed{} - \boxed{} + \boxed{} = \boxed{}$$

Key Point

There are many different ways of expressing a formula to calculate an ending cash balance. All are equally valid as long as they reflect the different components of the equation and result in the correct amount.

SLIDES
17-59

PART 4

RECONCILIATION ROAD TEST: MONTH 1 (SIMULATION)

Month One:

This is an interactive simulation in which you:

1. Process Direct Loan records for a month
2. Calculate your ending cash balance
3. Perform a three-way reconciliation with the Business Office, Direct Loans, and the LOC at the end of the month
4. Complete wrap-up questions

Please remove the Month 1 materials from Appendix A in your workbook and turn your attention to the instructor.

PERFORMING MONTHLY RECONCILIATION

SESSION CONTENTS

Part 1. Gearing Up

Part 2. Three-Way Compare

Part 3. The Direct Loan School Account Statement (DLSAS)

- What is DLSAS?
- Where to Start: The DLSAS Cash Summary
- Where to Go Next: The DLSAS Cash Detail
- Where to Go Next: The DLSAS Loan Detail
- Common Reasons for Discrepancies in the DLSAS Cash and Loan Detail Reports

Part 4. Other Reconciliation Reports

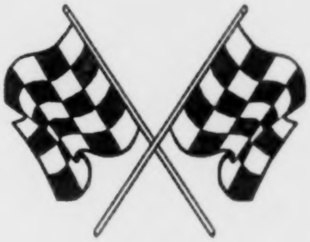
Part 5. Where to Finish: Resolving Your Monthly Ending Cash Balance (ECB)

Part 6. Reconciliation Road Test: Month 2 *(Simulation)*

SLIDES
0-2

SESSION GOAL AND OBJECTIVES

Goal: To present useful tools and reports that will help a school meet its monthly reconciliation requirement.



Objectives

You will:

- Understand the purpose and scope of available tools and reports to assist with monthly processing
- Review the term "three-way compare"
- Understand the need to reconcile each month both internally and with the Loan Origination Center (LOC)
- Learn to compare the Direct Loan School Account Statement (DLSAS) Cash Summary totals to data from the Business Office and Direct Loan systems
- Identify potential problem areas for reconciliation
- Identify additional reports and tools to use during the monthly reconciliation process
- Practice these objectives by applying them to the continuation of the simulation activity

SLIDES
3-5

PART 1

GEARING UP

List the steps your school follows during the month to stay on top of Direct Loan (DL) processing that contribute to your successful monthly reconciliation. Think of system queries, internal or external reports you generate or receive, and other hints useful to your school.

Direct Loan Bulletin (DLB) 99-31 contains a list of steps to assist schools with monthly reconciliation.

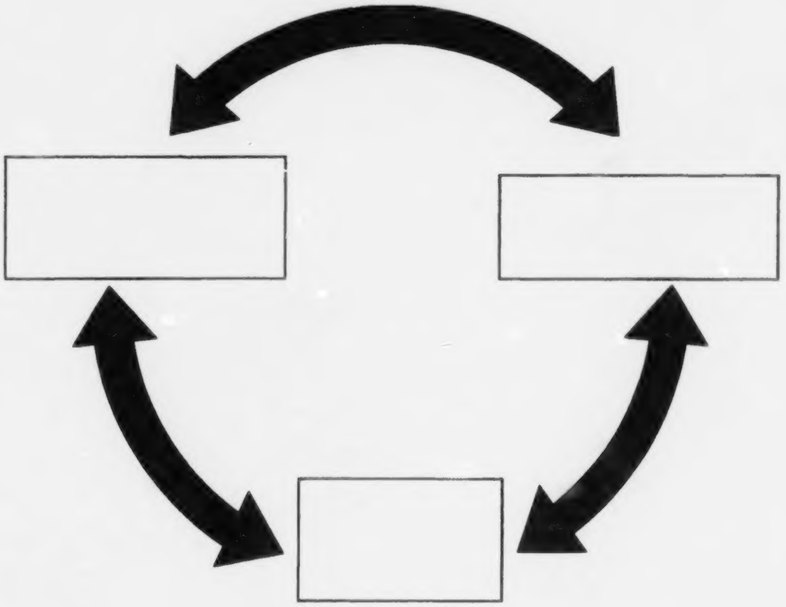
DLB 99-31, Program Year Closeout Steps and Tools - See Appendix B, page 9.

SLIDES
6-9

PART 2

THREE-WAY COMPARE

What are the three sources of information that are compared during the monthly reconciliation process? Complete the boxes below.



What is meant by the term "three-way compare"?

SLIDE 10

Key Point Each month, schools need to reconcile between their internal Business Office records and Direct Loan records. If everything is kept current, this internal reconciliation will go smoothly. Following this internal reconciliation, reconciliation with the U.S. Department of Education's (ED's) records can begin.

INFO Direct Loan Bulletin (DLB) 98-08 announces the first DLSAS and reminds schools of the requirement to reconcile their internal records to the DLSAS.

DLB 98-08, Initial Direct Loan School Account Statement - See Appendix B, page 8.

NOTES:

SLIDES
11-12

Documenting Your Monthly Reconciliation Efforts

Schools should keep documentation of their monthly reconciliation efforts. Such documentation:

- Shows a good faith effort to reconcile school records to ED's records per program requirements.
- Provides a historical document for your internal use. This will allow you to track issues to completion and to review prior issues in relation to current ones. You may discover trends that highlight a weakness in your current process, which will provide an opportunity for improvement.
- Prevents misplacement of or lack of follow-up to important issues during staff transitions.
- Serves as a blueprint or guide for future efforts to resolve discrepancies.

Key Point

How you document your monthly reconciliation efforts is not as important as what you document. ED does not require schools to use a particular format for documentation; you are free to choose the format that works best for you.

NOTES:

SLIDES
13-15

PART 3

THE DIRECT LOAN SCHOOL ACCOUNT STATEMENT (DLSAS)

What is the DLSAS?

The Direct Loan School Account Statement (DLSAS) is a report generated by the Loan Origination Center (LOC) on a monthly basis. It contains important information about LOC-accepted Direct Loan disbursement data and LOC-recorded drawdowns and excess cash transactions during the reported month. This report is sent to schools to allow them to balance or reconcile their internal school Direct Loan system and Business Office system data to ED's records.

When and How Will my School Receive the DLSAS?

- The DLSAS will be sent using the Message Class DSAS01OP and the Batch type of AS.
- The DLSAS will be generated each month by the LOC. It will be sent on the first weekend of each month with the data for the prior month's transactions.
- This electronic file may be imported and formatted to look very similar to a bank statement.
- A separate DLSAS will be sent for each academic year that the school participates in the Direct Loan Program until that academic year is closed out as directed by ED. It is possible that up to three academic years may be open at one time, so a school may receive as many as three statements for a given month.

The school is responsible for reviewing and reconciling the monthly DLSAS to its internal records to ensure the accuracy of the data on both the school's systems and the LOC system.

SLIDES
16-18

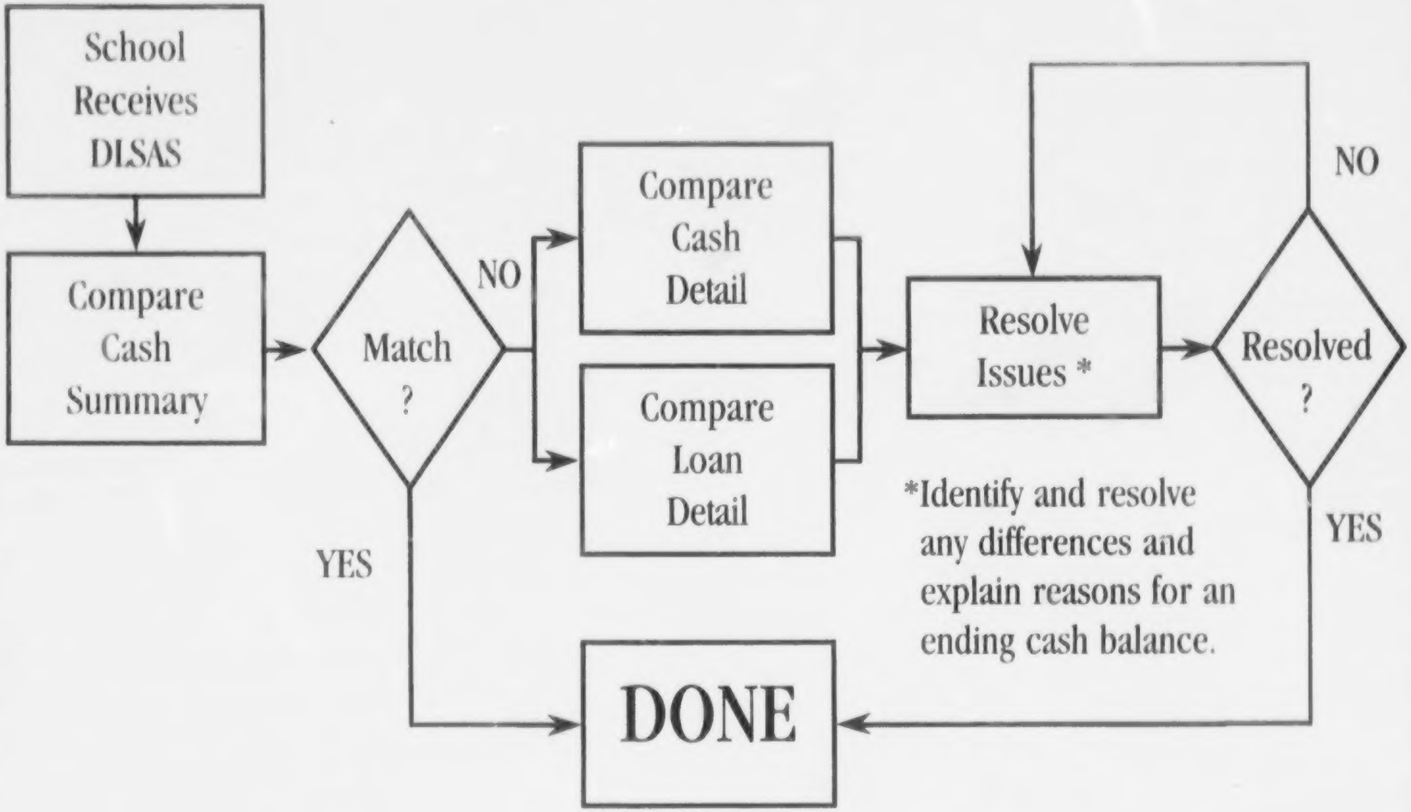
What are the three major segments of the DLSAS? Name them below.

1.
2.
3.

How do you currently conduct monthly reconciliation through the analysis of the DLSAS? Describe the process in your own words.

NOTES:

Steps to Reconciling the DLSAS



School Receives DLSAS

Compare Cash Summary

Match ?

YES

NO

Compare Cash Detail

Compare Loan Detail

Resolve Issues *

Resolved ?

NO

YES

DONE

*Identify and resolve any differences and explain reasons for an ending cash balance.

SLIDES
19-20

WHERE TO START: THE DLSAS CASH SUMMARY

Before we can fully discuss the DLSAS Cash Summary, we need to know what it looks like and what each of its component numbers represents. The following is an exercise that allows you to identify the various parts of the Cash Summary.

Place the number of the answer beside the corresponding component on the sample Cash Summary on the next page.

Answers:

1. A: Total funds you drew down during the month.

2. A: Total unused funds returned to the LOC.

3. A: Total net booked amount you disbursed to students and that was accepted by the LOC.

4. A: This balance is zero at the beginning of the year. It fluctuates as the school receives drawdowns, disburses loans, returns excess cash, and as accounts are adjusted.

5. A: This balance is zero by the end of the close-out period.

6. A: Total changes to borrowers' accounts processed during the month.

7. A: This total is accepted at the LOC but is missing a promissory note needed to book the loan. You may need to contact your Customer Service Representative (CSR) to assist in clearing these balances.

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DLSAS CASH SUMMARY

```
Report Date: 05/17/2001   U.S. DEPARTMENT OF EDUCATION              PAGE:  1
Report Time: 10:26:58  2000-2001 Federal Direct Loan Program
                       Direct Loan School Account Statement
   THIS DOCUMENT CONTAINS SENSITIVE INFORMATION PROTECTED BY THE PRIVACY ACT
***********************************************************************
BATCH ID:           AS1G0123420010517654321
LOC Process Date:   05/13/2001

School Code:  G01234
Month End:    04/30/1999


CASH SUMMARY

Beginning Balance:                                     $         0
    Cash Receipts:                  $        90,000
    Excess Cash Returned:           $        -5,000
Total Cash Receipts                                    $    85,000

    Net Booked Disb. Actual:        $       -25,000
    Net Booked Disb. Adjustments:   $         5,000
Total Net Booked Loan Detail                           $   -20,000

Ending Cash Balance:                                   $    65,000

____________________________________


    Net Unbooked Disb. Actual:      $        -2,000
    Net Unbooked Disb. Adjustments: $             0
Total Net Unbooked Loan Detail                         $    -2,000

Adjusted Ending Cash Balance:                          $    63,000



                                   ******
The LOC's Ending Cash Balance represents the Department's official cash
balance for your school at the end of the current month. This ending cash
balance from the LOC's records will be used by the Department to monitor the
cash activity and balances at your school. If your records do not agree,
please notify your Customer Service Representative IMMEDIATELY.
```

Cash Summary: Things to Remember

- A school will always receive the Cash Summary information with its monthly DLSAS.
- At the beginning of each academic year, a school will start with a zero cash balance at the LOC. For each subsequent month, the beginning balance is the ending balance from the previous month.
- ED's Grant Administration and Payment System (GAPS) reports drawdown information to the LOC.
- Drawdowns are included in the statement for the month in which GAPS **transmitted** the drawdown information to the LOC.
- Returns of excess cash will only be included on a particular month's report if they were **received** by the LOC during that month.
- The "Net Booked Disb. Actual" and "Net Booked Disb. Adjustments" are totals of all transactions acknowledged as **booked** by the LOC during the month.
- The Ending Cash Balance (ECB) indicates the cash balance at the end of each month for all cash transactions and booked disbursement transactions.
- All unbooked transactions are records for which the LOC has accepted disbursements or adjustments but does not have accepted promissory notes.
- The unbooked information in the Cash Summary will include cumulative unbooked transactions through the end date of the DLSAS. Option 2 schools should be the only schools that show any totals in this section.

NOTES:

SLIDE
22-23

Using the Cash Summary to Reconcile

Start with a comparison of the Cash Summary to your internal Business Office and Direct Loan system records. **Remember:** You should already have completed a reconciliation of the two school systems.

The Cash Summary includes the totals of drawdowns, excess cash, and loan detail that were processed by the LOC during the report month. This handy tool should be used each month as an initial check.

- If the totals match with those documented in the school's system, it **might** not be necessary to go into the detail.
- If the summary numbers do **not** match, this signals a need to review the detail for each of the affected totals to pinpoint the reason for the difference. The school should complete the necessary steps to resolve the differences.
- If the school or the DLSAS has an ending cash balance, regardless of whether the totals match or don't match, the school should determine what makes up the ending cash balance and resolve these issues.

Key Point

Each month, schools must reconcile the ending cash balance reflected in the DLSAS Cash Summary with the cash balance reflected in the school's internal records.

Key Point

If the school shows an ending cash balance – regardless of whether the school ending cash and Cash Summary ending cash balances match – the school should determine what makes up the balance and have a plan to resolve any outstanding issues.

Key Point

Identify any areas in the DLSAS Cash Summary that do not match your summary totals. Focus initially on those areas for a detailed comparison.

Key Point

Keep in mind that each system accounts for cash receipts, excess cash, and disbursement transactions in a slightly different way. Take this into account when conducting your comparison against the three systems.

SLIDE
24-25

WHERE TO GO NEXT: THE DLSAS CASH DETAIL

Everything matched the first time, right? The school's internal systems' totals matched each of the totals on the DLSAS. You know what makes up any ending cash balance, you know how, and you have a plan to get it to zero in the coming month. All cash has been accounted for. Great! Reconciliation has been successfully completed.

But wait. Sometimes you find differences during your initial analysis of the Cash Summary. At this point, you know that you will need to do some detail analysis. You may have been able to narrow your field of research to a specific type of transaction. The remaining segments of the DLSAS provide the detail transactions that support the Cash Summary totals.

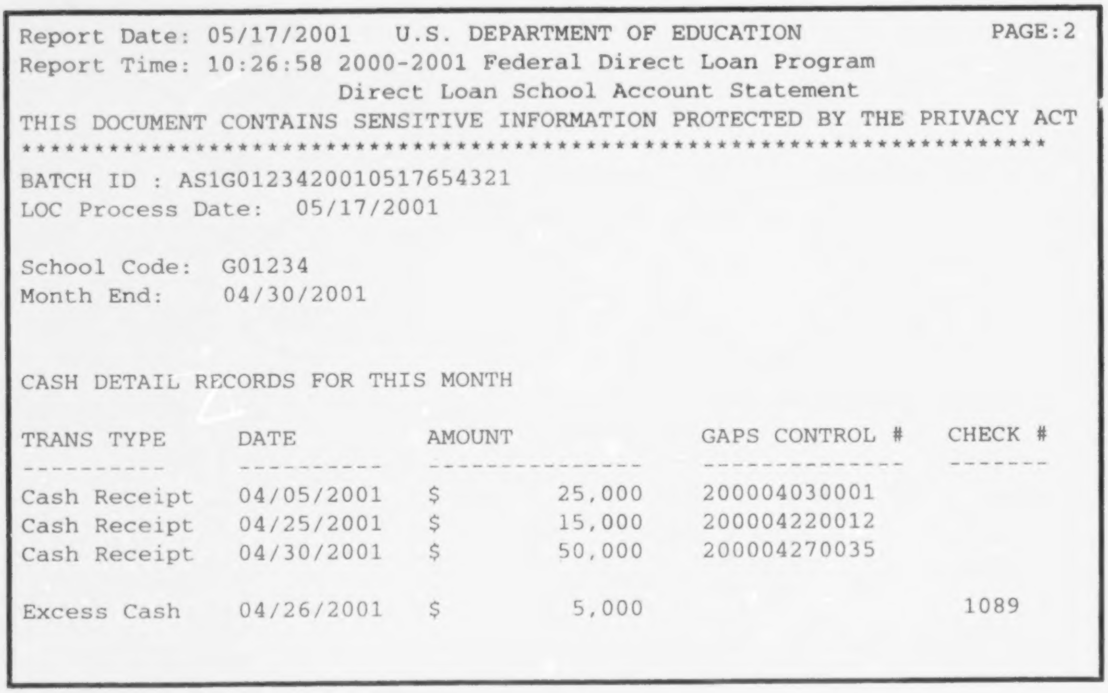
Before we can fully discuss the DLSAS Cash Detail, we need to know what it looks like. The following is an exercise that allows you to identify the various parts of the Cash Detail segment of the DLSAS report.

Place the number of the answer beside the corresponding component on the sample Cash Detail on the next page.

Answers:

1. A: The LOC obtains this information from GAPS.
2. A: These funds are sent directly to the LOC by the school.
3. A: This is the date that funds were received by the LOC. This date determines in what month the transaction is included on the DLSAS.
4. A: This number can be found in GAPS. It can be used to reconcile drawdowns with internal records.

DLSAS CASH DETAIL



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Report Date: 05/17/2001   U.S. DEPARTMENT OF EDUCATION              PAGE:2
Report Time: 10:26:58 2000-2001 Federal Direct Loan Program
                          Direct Loan School Account Statement
THIS DOCUMENT CONTAINS SENSITIVE INFORMATION PROTECTED BY THE PRIVACY ACT
*********************************************************************
BATCH ID : AS1G01234200105176543 21
LOC Process Date:  05/17/2001

School Code:   G01234
Month End:     04/30/2001


CASH DETAIL RECORDS FOR THIS MONTH

TRANS TYPE     DATE         AMOUNT              GAPS CONTROL #    CHECK #
----------     ----------   ---------------     --------------    -------
Cash Receipt   04/05/2001   $         25,000    200004030001
Cash Receipt   04/25/2001   $         15,000    200004220012
Cash Receipt   04/30/2001   $         50,000    200004270035

Excess Cash    04/26/2001   $          5,000                       1089
```

NOTES:

Cash Detail - Things to Remember:

- The Cash Detail is always included in the DLSAS.
- The Cash Detail provides a detailed listing of drawdowns and excess cash transactions within the report month.
- The LOC obtains detailed drawdown information directly from GAPS.
- The LOC obtains excess cash detail information from its records of funds received from the school.
- Drawdowns are included in the DLSAS for the month in which GAPS transmitted the information to the LOC.
- Excess Cash is included in the DLSAS for the month in which the funds were received at the LOC.
- GAPS control numbers and school check numbers are included on the DLSAS starting in 1999-2000 to help track information.

NOTES:

SLIDES
27-28

Using the Cash Detail to Reconcile

Information in the Cash Detail section should be compared with the Direct Loan system and Business Office system records, student files, bank statements, and canceled checks. It is important to examine and compare both cash receipt and excess cash data from each program year for which a report is received to verify that the drawdowns received are showing and that they were posted to the proper program year and school. When verifying allocations to the right school, be sure to check that drawdowns were allocated correctly to main and branch campuses.

Key Point

Drawdowns are included on the DLSAS for the month in which GAPS **transmitted** the information to the LOC.

Key Point

Excess cash is included on the DLSAS for the month in which the funds were **received** at the LOC.

NOTES:

SLIDES 29-30

WHERE TO GO NEXT: THE DLSAS LOAN DETAIL

Before we can fully discuss the DLSAS Loan Detail, you need to know what it looks like. The following is an exercise that allows you to identify the various parts of the Loan Detail segment of the DLSAS report.

Place the number of the answer beside the corresponding component on the sample DLSAS Loan Detail on the next page.

Answers:

1. A: These are the dollar amounts that the LOC shows for each individual disbursement or adjustment transaction.

2. A: If this date is within the same month as the DLSAS's "Month End" date, the transaction will be included in this DLSAS.

3. A: This field indicates whether the transaction is booked or unbooked.

4. A: These accepted records are included in the Loan Detail year to date.

5. A: This date might not be in the same month as the "Month End" date.

6. A: This indicator tells you whether the transaction is a disbursement or an adjustment.

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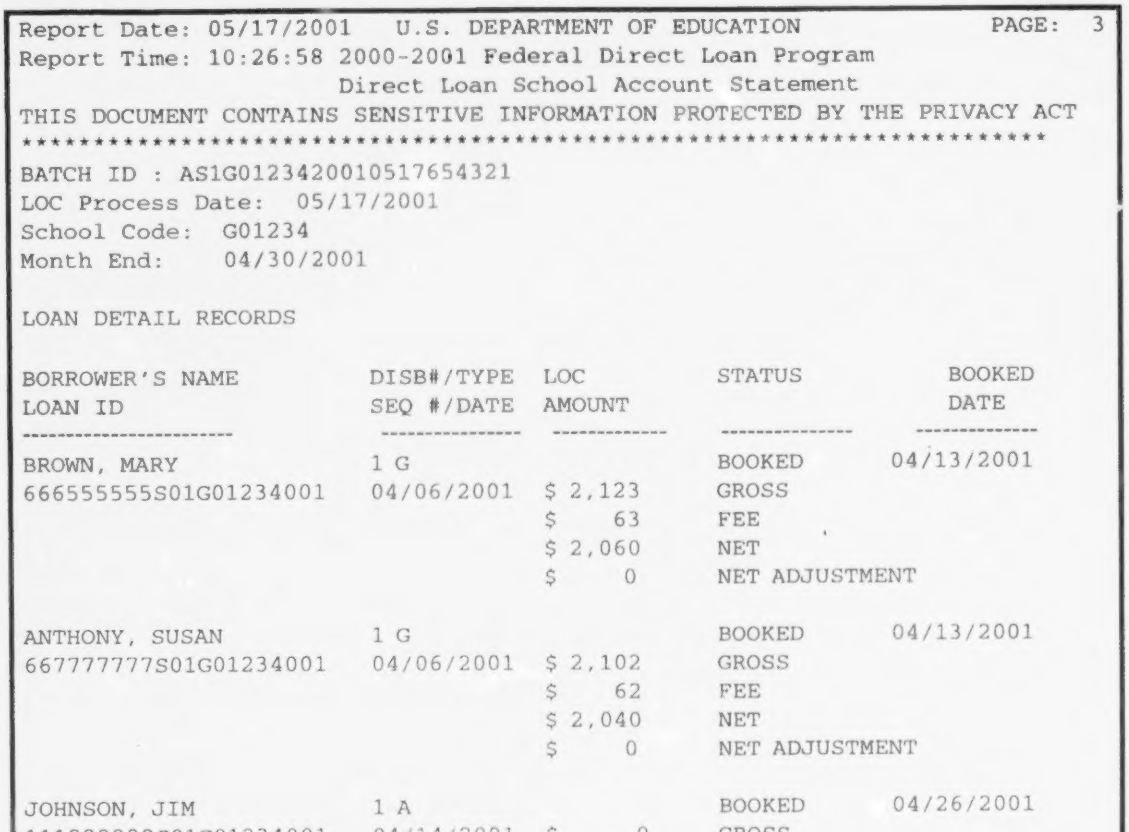
DLSAS LOAN DETAIL



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Report Date: 05/17/2001   U.S. DEPARTMENT OF EDUCATION                PAGE:  3
Report Time: 10:26:58 2000-2001 Federal Direct Loan Program
                       Direct Loan School Account Statement
THIS DOCUMENT CONTAINS SENSITIVE INFORMATION PROTECTED BY THE PRIVACY ACT
************************************************************************
BATCH ID : AS1G0123420010517654321
LOC Process Date:  05/17/2001
School Code:  G01234
Month End:     04/30/2001

LOAN DETAIL RECORDS

BORROWER'S NAME         DISB#/TYPE  LOC          STATUS          BOOKED
LOAN ID                 SEQ #/DATE  AMOUNT                        DATE
----------------------- ----------  -----------  --------------  ------------
BROWN, MARY             1 G                      BOOKED          04/13/2001
666555555S01G01234001   04/06/2001  $ 2,123      GROSS
                                    $    63      FEE
                                    $ 2,060      NET
                                    $     0      NET ADJUSTMENT

ANTHONY, SUSAN          1 G                      BOOKED          04/13/2001
667777777S01G01234001   04/06/2001  $ 2,102      GROSS
                                    $    62      FEE
                                    $ 2,040      NET
                                    $     0      NET ADJUSTMENT

JOHNSON, JIM            1 A                      BOOKED          04/26/2001
111222222S01G01234001   04/14/2001  $       0    GROSS
                                    $       0    FEE
                                    $       0    NET
                                    $  -2,000    NET ADJUSTMENT

SMITH, BOB              1 A                      BOOKED          04/26/2001
222111111S01G01234001   04/14/2001  $       0    GROSS
                                    $       0    FEE
                                    $       0    NET
                                    $  -1,320    NET ADJUSTMENT

MATSLER, STEVE          1 A                      BOOKED          04/26/2001
773333333S01G01234001   04/14/2001  $       0    GROSS
                                    $       0    FEE
                                    $       0    NET
                                    $  -1,680    NET ADJUSTMENT

SCHMIDT, JEAN           1 G                      UNBOOKED
776666666S01G01234001   04/06/2001  $   2,061    GROSS
                                    $      61    FEE
                                    $   2,000    NET
                                    $       0    NET ADJUSTMENT
```

Loan Detail: Things to Remember

- The Loan Detail is an optional report. Schools should contact the LOC if they wish to request not to receive this report.
- The Loan Detail provides detailed information for each borrower and loan transmitted during the month.
- Loan information is provided for both booked and unbooked loans.
- Data are included on the report for the month in which the transactions were accepted and/or booked.
- Booked disbursements and adjustments appear on the report for the month in which they booked.
- Unbooked transactions appear on the report for the month in which they were accepted. These transactions will continue to appear on the report until they are booked.
- Unbooked transactions are year-to-date.

NOTES:

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32-33

NEW for 2000-01 – The Booking Notification

How the LOC acknowledges your loans as booked for 2000-01 is different than it has been for 1998-99 and 1999-2000. Starting in 2000-01, the LOC creates and sends a booking notification to schools for every disbursement transaction (disbursements and adjustments) for which the LOC has an accepted origination record, accepted promissory note, and accepted disbursement. The LOC no longer sends the book status in the disbursement or promissory note acknowledgement. A booking notification is sent as a separate batch type, and it uses the same message class as a disbursement acknowledgement.

- The booking notification is sent as:
  - #B – Batch ID
  - DIOD##OP – Message Class
- The file layout is the same as a disbursement acknowledgement.
- The Disbursement Activity Type is:
  - L = Booked Disbursement
  - M = Booked Adjustment
- Acknowledgement Date is the date the LOC created the booking notification.
- Acknowledgement includes the LOC's Total Net Booked Loan Amount.
  - If a school sends multiple disbursement transactions within the same date for the same loan, the LOC's Total Net Booked Loan Amount on each transaction will equal the total of all disbursement transactions received through that processing date.

Example:

On 9/9/2000, USA College disburses and transmits to the LOC the first actual disbursement for John Field for a gross amount of $3000. The LOC has already accepted the origination record and promissory note. This first disbursement is accepted at the LOC on 9/9/2000 and books the loan. This information is transmitted to the Direct Loan Servicing Center (DLSC). Subsequently, the LOC transmits to the school a disbursement acknowledgement on 9/10/2000 accepting the first disbursement. Also on 9/10/2000, the LOC transmits the booking notification with a booking date of 9/9/2000.

SLIDES
34-35

How to Use the DLSAS Loan Detail to Reconcile

The Loan Detail report is a tool that assists in tracking what has been recorded and what still needs to be recorded for a student. Schools should compare both booked and unbooked Loan Detail against their internal systems to identify any missing transactions. If the school identifies Loan Detail transactions that do not appear on the DLSAS, the school should query its internal system to verify the disbursement status and/or booked status of the transaction. Because it is the accepted date of the transaction that determines when the disbursement or adjustment appears on the DLSAS, the school should take into account any timing issues in their submission of data.

Key Point

If an accepted disbursement transaction is unbooked, it is because there is a problem with the promissory note.

Key Point

Each booked transaction will also include the disbursement booked date. This is the date the transaction booked at the LOC.

NOTES:

SLIDE
36

COMMON REASONS FOR DISCREPANCIES IN DLSAS CASH AND LOAN DETAIL REPORTS

What are some of the causes of discrepancies between your DLSAS Cash Summary and your Business Office and/or Direct Loan records? Try to divide your ideas into cash issues and loan issues.

Cash Issues

Loan Issues

NOTES:

SLIDE
37-38

Key Point Each of the three systems - the Business Office system, the Direct Loan system, and the LOC - may account for cash receipts, excess cash, and disbursement transactions in different ways. Schools must take this into account when conducting reconciliation.

Key Point Allow for timing differences caused by transaction dates that fall close to the beginning or end of the month.

INFO Direct Loan Bulletin (DLB) 00-16 announces the launch of the Direct Loan Origination Web site - a quick and easy way to get information on specific loans.

DLB 00-16, Direct Loan Origination Web Site
See Appendix B, page 25.

NOTES:

SLIDES
39-40

PART 4

OTHER RECONCILIATION REPORTS

You have many different reports and tools at your disposal to analyze and resolve discrepancies between the three systems in your Cash and/or Loan Detail. For example, you can run many different types of reports from your Direct Loan system, whether you are an EDExpress, mainframe, or custom software user. You also have various types of ledgers, bank statements, and canceled checks available from your accounting system and Business Office or Financial Aid Office.

Pages 29 and 30 show a chart that can help determine what types of reports or documentation you may need to analyze various Cash or Loan Detail related issues. It also provides some helpful hints on what to look for when analyzing these areas.

NOTES:

How to Conduct a Comparison between the DLSAS (DSAS01OP.*) and School Records

SLIDES 41-43

DLSAS	Compare to School's	Look For
Cash Summary Contains totals of: ✦ Beginning Cash Balance ✦ Cash Receipts (Drawdowns) ✦ Excess Cash Returned ✦ Net Booked Disbursements ✦ Net Booked Adjustments ✦ Ending Cash Balance ✦ Net Unbooked Loan Detail	✦ School Business Office records/ systems showing cash balances AND/OR ✦ Direct Loan System Cash Summary Reports (named "List - Cash" in EDExpress)	Discrepancies in totals of: ✦ Drawdowns ✦ Excess cash ✦ Disbursements ✦ Adjustments ✦ Ending Cash Balance
Cash Detail Includes detailed list of: ✦ Drawdown transactions reported by GAPS ✦ Returns of excess cash received by LOC	✦ Business Office records ◇ Bank statements ◇ Canceled checks ◇ Ledgers AND/OR ✦ Direct Loan System Cash Detail Reports (if available)	✦ Differences in dollar amounts ✦ Individual cash receipts or returns of excess cash not recorded for that month because of timing issues ✦ Cash receipts or excess cash not recorded in one or more systems ✦ Cash receipts or excess cash recorded in the wrong year in any system ✦ Returns of excess cash recorded as a payment in one or more systems
Loan Detail (optional) Includes detailed list of: ✦ Booked disbursement transactions ◇ Disbursements ◇ Adjustments ✦ Unbooked disbursement transactions ◇ Disbursements ◇ Adjustments	✦ List of disbursement transactions with all three status flags: origination, promissory note, and disbursements (named "MT - Booked Status" in EDExpress) 58	✦ Transactions with any of the three status flags not in "A" status

How to Conduct a Comparison between the DLSAS (DSAS01OP.*) and School Records (cont'd)

DLSAS	Compare to School's	Look For
	✦ 30 Day Warning Report	✦ Loans which are missing a necessary component to book the loan (missing an LOR, promissory note, or first disbursement)
	✦ Actual Disbursement Status Report (named "List – Actual Disbursements" in EDExpress)	✦ Any disbursements not in "A" status ◇ "R" – Batch and Transmit ◇ "B" – Ensure it was transmitted and/or pull in acknowledgement ◇ "E" – Resolve the problem and batch and transmit
	✦ Pending Disbursement Report (named "List – Anticipated Disbursements: Pending Actuals" in EDExpress)	✦ Unrecorded disbursements
	✦ Business Office Disbursement Records (credits to student accounts)	✦ Any discrepancies between internal disbursement records, DLSAS, and Direct Loan system
	✦ Origination Status Report (named "List – Loans" in EDExpress)	✦ Loan origination records not in "A" status
	✦ Promissory Note Status Report (named "List – Promissory Note" in EDExpress) 59	✦ Notes not in "A" status ◇ P = printed, not signed ◇ S = signed ◇ M = manifested ◇ X = pending, no accepted origination record

✦ If discrepancies still exist, send the loan detail file, DERC01OP to the LOC. Then import the exception reports (ED0101OP.* and ED0201OP.*) and resolve differences.

Examples of some reports that may be useful when performing monthly reconciliation are included in Appendix C.

Anticipated with Actual Disbursement Report
See Appendix C, page 10.

Actual Disbursement Report
See Appendix C, page 11.

Booked Status Measurement Report
See Appendix C, page 13.

Cash Summary Report
See Appendix C, page 15.

School/LOC Loan Totals Report
See Appendix C, page 16.

Example Loan Detail Exception Report
See Appendix C, page 22.

NOTES:

SLIDES
44-47

PART 5

WHERE TO FINISH: RESOLVING YOUR MONTHLY ENDING CASH BALANCE (ECB)

If the school is able to resolve all discrepancies after reviewing the Cash Detail records and the Loan Detail records, reconciliation has been successfully completed. A school will know it has completed its monthly reconciliation when:

- All differences between the DLSAS and the school's internal records have been resolved
- Timing issues have been identified and will be tracked for reconciliation in the next month's DLSAS. (**HINT:** Tracking timing issues between months will make reconciliation easier the following month.)
- Any necessary corrective actions have been taken to ensure that all issues left over from the prior month will reconcile in the following month
- All reconciliation efforts have been documented for future reference*

**As noted earlier in this session, ED does not regulate specific types of documentation for your reconciliation activities. However, monthly documentation shows that you have made a good faith effort to reconcile your records to ED's records, per program requirements. It also provides you and your staff with good reference materials for your end-of-year reconciliation and closeout for the academic year.*

You can use multiple DLSAS reports as tools to target issues pertaining to cash in the wrong year. Even if different individuals are analyzing each year's reports, you should coordinate your efforts to identify cross-year issues and to determine if there are recurring or global issues that need to be addressed in your system or by the LOC.

NOTES:

SLIDES
48-50

What should I do if my school still doesn't reconcile?

If you have completed your review and comparison of the DLSAS to your internal school records and you still have not been able to identify all issues accounting for your ending cash balance, you may wish to send your Loan Detail records to the LOC for analysis. The LOC will then return a Loan Detail Exception Report to your school.

What is a Loan Detail Exception Report?

- An optional export file that can be sent to the LOC.
- A report that compares school disbursement data from the Direct Loan system to accepted disbursement data at the LOC.
- A report that can be run for either booked loans for a single month or for unbooked loans year to date.

The LOC exports should be sent in the following Message Class:

DERC01IN – This message class will contain either booked or unbooked loan detail, as indicated by the school during the export process.

The exception reports will be returned in the following Message Classes:

ED0101OP – Data Matching Exception Report for Booked Loans
ED0201OP – Data Matching Exception Report for Unbooked Loans

The exception reports are sent to the school in report format, so that they can easily be printed from any word processing programs.

Sample Loan Detail Exception Report
See Appendix C, page 22.

NOTES:

SLIDES
51-65

PART 6

RECONCILIATION ROAD TEST: MONTH 2 (SIMULATION)

Month Two:

The simulation continues in this exercise with one important difference: instead of tracking the Loan Origination Center (LOC) activity on a spreadsheet you will gather the LOC data from the May Direct Loan School Account Statement (DLSAS) provided in Appendix A. The rules and instructions remain the same.

Please remove the Month 2 materials provided in Appendix A of your workbook and turn your attention to the instructor.

PROGRAM YEAR CLOSEOUT

SESSION CONTENTS

Part 1. Monthly Reconciliation vs. Program Year Closeout

- Defining the Difference
- Closeout - Just Another Month

Part 2. Tools for Program Year Closeout

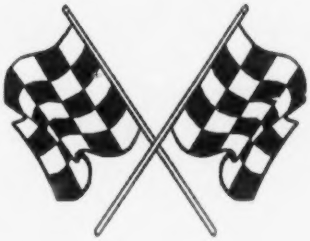
- 732-LOS Report
- The Compare Program
- LOC Drawdown and Excess Cash Reports
- Action Item List for Closeout

Part 3. Reconciliation Road Test: Closing Out *(Simulation)*

SLIDES
0-2

SESSION GOAL AND OBJECTIVES

Goal: To provide participants with the tools necessary to complete program year closeout.



Objectives

You will:

- Understand the difference between monthly reconciliation and program year closeout
- Learn about tools available to assist you with program year closeout
- Practice closing out a mock school using various reports

65

SLIDES
3-6

PART 1

MONTHLY RECONCILIATION VS. PROGRAM YEAR CLOSEOUT

Defining the Difference

Direct Loan Reconciliation:

> "The process by which the Direct Loan (DL) cash balance reported by the Loan Origination Center (LOC) is reviewed and compared by the school with the school's internal records on a monthly basis. Schools should resolve all discrepancies."

Direct Loan Program Year Closeout:

> "The process of reconciling all school information to the information contained at the LOC, and of bringing all ending cash balances to zero."

There are two key differences between monthly reconciliation and program year closeout:

1. Monthly reconciliation is ongoing, while program year closeout has a finite end date. (For 2000-01, the closeout date is 7/31/2002.)
2. Your monthly ending cash balance does not have to be zero, but differences should be identified, worked, and documented. However, your ending cash balance for closeout must be equal to zero.

Can you come up with any others?

SLIDES
7-9

When is a School Considered Closed Out?

If Big Town University on July 31, 2002 has an ending balance of $14,540 for program year 2000-01 and the LOC has an ending cash balance of zero, is this school considered closed out?

A school is considered closed out when:

- The school and the LOC each show a cash balance of zero, indicating that the school has accounted for all Direct Loan funds received from the U.S. Department of Education (ED), *and*
- All LOC transaction records match up to all school Direct Loan system transactions and Business Office system transactions, *and*
- All actual disbursement records are booked at the LOC, so that the Direct Loan School Account Statement (DLSAS) reflects a zero unbooked balance.

Key Point

The ultimate goal in program year closeout is to have all three systems reflecting a zero cash balance and to have all loans booked.

Key Point

A school should not draw down funds based on a LOC negative ending cash balance unless the school agrees with the balance, the school actually disbursed those funds in that program year, and if the school has documented both facts.

SLIDES
10-12

Closeout - Just Another Month

Key Point

If you have carefully reconciled the DLSAS to your records every month, program year closeout will be a simple process.

NOTES:

03

SLIDES
13-15

School 1:
Understaffed University

Understaffed University periodically will pull in its "what do you call it, oh yes, the DLSAS" reports for 2000-01. The school makes an eager attempt to reconcile the totals but can't remember what it is supposed to do with all those unbooked loans. As months go by, the school resolves some discrepancies but has to put reconciliation on the back burner due to staff shortages. In May of 2002, the school receives a reminder from ED stating that its 2000-01 ending cash balance is still $98,900. The overworked financial aid administrator now has to spend three weekends and endless staff hours trying to sort through reports to find all the discrepancies.

What advantages are lost by not reconciling monthly?

School 2:
Comprehensive College

Comprehensive College reconciles its Direct Loan records throughout the month to its Business Office records. The Financial Aid Office and the Business Office resolve any discrepancies between their two systems. Each month the school imports its DLSAS and compares this information to its Direct Loan records. The school accounts for any timing issues and resolves any discrepancies. It documents all reconciliation efforts. At the end of the school's processing year, Comprehensive College has only a handful of issues to resolve. Within a month of the school's final processing date, it is able to bring its balance to zero and close out the year.

What advantages are gained by reconciling monthly?

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PART 2

TOOLS FOR PROGRAM YEAR CLOSEOUT

732-LOS Report

What is the 732-LOS Report?

The 732-LOS Report is a valuable tool to assist schools with program year closeout. The data included on this report are cumulative for the processing year through the date of the report based on the LOC's records.

The 732-LOS Report is a file sent by the LOC to the school's Student Aid Internet Gateway (SAIG) mailbox automatically. It comes as two text files — a cash summary file and a cash and loan detail file.

The summary file contains:

- The year-to-date total balances for:
    - cash receipts
    - returns of excess cash
    - booked disbursements
    - booked adjustments
    - unbooked disbursements and adjustments
- ED's official Ending Cash Balance

The detail file contains year-to-date:

- Individual drawdown and excess cash transactions
- Loan level disbursement information for each booked loan
- Loan level disbursement information for unbooked loans with accepted disbursements

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Schools can open the 732-LOS files with a word processing or spreadsheet program. The 732-LOS Report does not import into EDExpress. Schools can use the 732-LOS data to compare against their Direct Loan and Business Office systems. This will be discussed in more detail later.

INFO

ED sends out a new file layout for the 732-LOS Report each year. The file layout for 1998-99 was published in DLB 99-72. Schools can use this file layout to format their 732-LOS Report and to program their computers to run a comparison between the LOS data and their data.

DLB 99-72, Corrections to File Layouts
See Appendix B, page 14.

NOTES:

SLIDES
22-24

Sample 732-LOS Summary File (Unformatted)

```
DL HEADER 0250ED0901OP G01234-732SUM    20010601144117
,06/01/2001,T1,G01234,08,000000000000,000000090000.00,
-00000010000.00,000000080000.00,000000100000.00,000000000000.00,
-00000010000.00,000000090000.00,
-00000010000.00,000000020000.00,-00000030000.00,CUTTING  EDGE  ECNC,
DL  TRAILER02500000001
```

Sample 732-LOS Summary File (Formatted)

LOC Report Date	Record Type	School Code	Reg Code	Beg Bal	Total Cash Recepts	Total Excess Cash	Cash on Hand	Total Actual Disb	Total Canc Disb	Total Adj	Net Loan Detail	Ending Cash Balance	Net Unbkd	Adjusted Ending Cash Bal	Short Name for School
6/1/01	T1	G01234	8	0	90000	-10000	80000	100000	0	-10000	90000	-10000	20000	-30000	CUTTING EDGE TECNC

NOTES:

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Sample 732-LOS Cash and Loan Detail (Unformatted)

```
DL HEADER 0250ED09010P      G01234-732DET20010601144117
,06/01/2001,R,04/03/2001,0000025000,04/05/2001, 200004030001,                ,
,06/01/2001,R,04/22/2001,0000015000,04/25/2001, 200004220012,                ,
,06/01/2001,R,04/27/2001,0000050000,04/30/2001, 200004270035,                ,
,06/01/2001,X,04/21/2001,-0000005000,04/21/2001,            ,          1089,
,06/01/2001,X,05/10/2001,-0000005000,05/10/2001,            ,          1105,
,06/01/2001,B,111111111U01G01234001, , , ,          ,0001917,0000057,0001860,       ,
,06/01/2001,B,111222222S01G01234001, , , ,          ,0004122,0000122,0004000,       ,
,06/01/2001,B,111333333S01G01234001, , , ,          ,0001463,0000043,0001420,       ,
,06/01/2001,B,111444444S01G01234001, , , ,          ,0001731,0000051,0001680,       ,
,06/01/2001,B,222000000S01G01234001, , , ,          ,0006183,0000183,0006000,       ,
,06/01/2001,B,222000000U01G01234001, , , ,          ,0010308,0000308,0010000,       ,
,06/01/2001,B,222111111S01G01234001, , , ,          ,0000000,0000000,0000000,       ,
,06/01/2001,B,222999999S01G01234001, , , ,          ,0005193,0000153,0005040,       ,
,06/01/2001,B,222999999U01G01234001, , , ,          ,0004638,0000138,0004500,       ,
,06/01/2001,B,383838383S01G01234001, , , ,          ,0002061,0000061,0002000,       ,
,06/01/2001,B,383838383U01G01234001, , , ,          ,0001463,0000043,0001420,       ,
,06/01/2001,B,474747474S01G01234001, , , ,          ,0001731,0000051,0001680,       ,
,06/01/2001,B,474747474S01G01234002, , , ,          ,0002123,0000063,0002060,       ,
,06/01/2001,B,545454545S01G01234001, , , ,          ,0002061,0000061,0002000,       ,
,06/01/2001,B,656565656S01G01234001, , , ,          ,0001360,0000040,0001320,       ,
,06/01/2001,B,666555555S01G01234001, , , ,          ,0004246,0000126,0004120,       ,
,06/01/2001,B,667777777S01G01234001, , , ,          ,0004204,0000124,0004080,       ,
,06/01/2001,B,773333333S01G01234001, , , ,          ,0000000,0000000,0000000,       ,
,06/01/2001,B,776666666S01G01234001, , , ,          ,0002061,0000061,0002000,       ,
,06/01/2001,B,787878787S01G01234001, , , ,          ,0001731,0000051,0001680,       ,
,06/01/2001,B,787878787U01G01234001, , , ,          ,0001463,0000043,0001420,       ,
,06/01/2001,B,788899900U01G01234001, , , ,          ,0010308,0000308,0010000,       ,
,06/01/2001,B,799900000S01G01234001, , , ,          ,0010308,0000308,0010000,       ,
,06/01/2001,B,818181818S01G01234001, , , ,          ,0004226,0000126,0004100,       ,
,06/01/2001,B,899900011S01G01234001, , , ,          ,0006390,0000190,0006200,       ,
,06/01/2001,B,989898989S01G01234001, , , ,          ,0001463,0000043,0001420,       ,
,06/01/2001,U,133344455U01G01234001, , , ,          ,0005154,0000154,0005000,       ,
,06/01/2001,U,133344455U01G01234002, , , ,          ,0005154,0000154,0005000,       ,
,06/01/2001,U,333444555S01G01234001, , , ,          ,0005154,0000154,0005000,       ,
,06/01/2001,U,444555666S01G01234001, , , ,          ,0005154,0000154,0005000,       ,
DL TRAILER02500019921
```

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26-27

Sample 732-LOS Cash Detail (Formatted)

Report Run Date	Receipt or Excess	GAPS Date/ Applied Date	Amount	LOC Post Date	GAPS Control Number	Check #
6/1/01	R	4/3/01	25000	4/5/01	200004030001	
6/1/01	R	4/22/01	15000	4/25/01	200004220012	
6/1/01	R	4/27/01	50000	4/30/01	200004270035	
6/1/01	X	4/21/01	-5000	4/21/01		1089
6/1/01	X	5/10/01	-5000	5/10/01		1105

Sample 732-LOS Loan Detail (Formatted)

LOC Report Date	Booked or Unbooked	Loan Identifier	Gross	Fee	Net
6/1/01	B	111111111U01G01234001	1917	57	1860
6/1/01	B	111222222S01G01234001	4122	122	4000
6/1/01	B	111333333S01G01234001	1463	43	1420
6/1/01	B	111444444S01G01234001	1731	51	1680
6/1/01	B	222000000S01G01234001	6183	183	6000
6/1/01	B	222000000U01G01234001	10308	308	10000
6/1/01	B	222111111S01G01234001	0	0	0
6/1/01	B	222999999S01G01234001	5193	153	5040
6/1/01	B	222999999U01G01234001	4638	138	4500
6/1/01	B	383838383S01G01234001	2061	61	2000
6/1/01	B	383838383U01G01234001	1463	43	1420
6/1/01	B	474747474S01G01234001	1731	51	1680
6/1/01	B	474747474S01G01234002	2123	63	2060
6/1/01	B	545454545S01G01234001	2061	61	2000
6/1/01	B	656565656S01G01234001	1360	40	1320
6/1/01	B	666555555S01G01234001	4246	126	4120
6/1/01	B	667777777S01G01234001	4204	124	4080
6/1/01	B	773333333S01G01234001	0	0	0
6/1/01	B	776666666S01G01234001	2061	61	2000
6/1/01	B	787878787S01G01234001	1731	51	1680
6/1/01	B	787878787U01G01234001	1463	43	1420
6/1/01	B	788899900U01G01234001	10308	308	10000
6/1/01	B	799900000S01G01234001	10308	308	10000
6/1/01	B	818181818S01G01234001	4226	126	4100
6/1/01	B	899900011S01G01234001	6390	190	6200
6/1/01	B	989898989S01G01234001	1463	43	1420
6/1/01	U	133344455U01G01234001	5154	154	5000
6/1/01	U	133344455U01G01234002	5154	154	5000
6/1/01	U	333444555S01G01234001	5154	154	5000
6/1/01	U	444555666S01G01234001	5154	154	5000

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What are the differences between the 732-LOS Report and the DLSAS?

- The DLSAS has only one month's worth of cash and loan detail (except the unbooked information). The cash and loan detail on the 732-LOS contains all the individual cash transactions and loan information for the entire program year to the report date.
- The DLSAS report shows loan detail at the individual disbursement level, whereas the 732-LOS shows loan detail at the loan level (that is, the total of all net disbursements for a particular loan).
- The DLSAS can be pulled into EDExpress to print a formatted report. The 732-LOS must be pulled into another software product and formatted. It does not import into EDExpress.

INFO

Schools can contact their Client Account Manager to get an Excel 97 spreadsheet template to easily format their 732-LOS files.

NOTES:

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How can you use the 732-LOS Report to help with closeout?

If a school has been reconciling monthly with their DLSAS, there should be little need to use the 732-LOS files. The 732-LOS data should just confirm what the school already knows.

If a school wishes to use the 732-LOS Report, the school should start by formatting the 732-LOS **Summary** file. As with reconciling the DLSAS, the school should compare the totals from the summary information to its own internal records. If the school and the LOC balances do not match, then the school should review the 732-LOS **Detail** file and compare the files to its own internal records to determine why the balances do not match. The school must also resolve any ending cash balance.

NOTES:

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Direct Loan Bulletin (DLB) 99-31 contains a list of steps to assist schools with using the 732-LOS and closing out.

DLB 99-31, Program Year Closeout Steps and Tools - See Appendix B, page 9.

If at the end of the school's processing year, the school's internal balances and the LOC's balances all match with an ending cash balance of zero, and all disbursement transactions are booked, then the school is considered closed out.

Refer to the DLSAS Flowchart and the DLSAS Comparison Chart in Session Three. Even though these are designed for the DLSAS, many of the same principles can be applied to the 732-LOS.

NOTES:

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The Compare Program

The Compare Program is a Microsoft Access 97 database program that was developed by the Direct Loan Client Account Management Group (DLCAMG) to support the Direct Loan closeout process. The application accepts school and LOC cash and disbursement information and compares the data. It then generates exception reports that identify discrepancies.

Currently there are two versions of the program: one for use with EDExpress data and one for use with data from mainframe/custom software. Mainframe and custom schools must format their data to enable them to use the mainframe/custom program, or they may choose to write their own comparison program.

Contact your Regional Client Account Manager to get a copy of the Compare Program.

What Will the Compare Program Do?

The Compare Program will compare your school and LOC cash and loan-level disbursement data and provide you with exception reports. These exception reports can help you:

- Identify misallocated or missing drawdowns or returns of excess cash
- Determine loan records that need to be submitted to the LOC
- Provide corrections to loan data that were previously submitted to the LOC
- Identify any outstanding loans that need to be booked
- Bring your school to an official ending cash balance of zero for the program year

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37-38

What Won't the Compare Program Do?

The Compare Program will NOT:

- Resolve internal school issues. The school is responsible for the identification and resolution of all issues.
- Compare LOC data and school internal records that have not been formatted according to program specifications.
- Compare data which have not been entered into either system.
- Absolve school of responsibility for bringing school to a zero ending cash balance.

Sample Compare Program output reports
See Appendix C, page 24.

NOTES:

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LOC Drawdown and Excess Cash Reports

The LOC Drawdown Report and Excess Cash Report are two reports that can be provided to you by the LOC. These reports show detailed lists of all the drawdowns and excess cash for your school. They differ from the cash detail on your DLSAS and 732-LOS Report because they provide the year in which the cash transactions are applied. They also can be printed for more than one year on the same report. Because of this, these reports can be very useful in finding cash that is allocated in the wrong year.

> INFO Contact your LOC Customer Service Representative (CSR) or Regional Client Account Manager to get copies of the LOC Drawdown or Excess Cash Report.

NOTES:

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LOC Drawdown Report

Purpose of the report is to:

- Reconcile school's drawdowns to the LOC's drawdowns
- Identify any drawdowns that are in the wrong processing year

Schools can request this report from their Customer Service Representative at the LOC or their Client Account Manager. These reports can be printed for a particular processing year or in date order for a specified date range.

The "GAPS Debit Date" is the date schools should use to compare against their internal records. The "Yr" is the program year to which the LOC or school applied the funds.

04 - 1997/1998
05 - 1998/1999
06 - 1999/2000
07 - 2000/2001

Drawdown Amt	Drawdown Date	GAPS Control No.	GAPS Debit Date	Rec Ind	Yr	Batch Date	Att #	Processed Date	Action Code
$22,678	07/22/1999 20:12:17	199907189912	07/21/1999	N	06	07/22/1999 20:12:17		00/00/0000	P
$36,495	09/08/1999 21:16:44	199909049916	09/07/1999	N	06	09/08/1999 21:16:44		00/00/0000	P
$114,145	11/10/1999 18:10:06	199911089915	11/10/1999	N	06	11/10/1999 18:10:06		00/00/0000	P
$18,721	04/04/2000 09:10:12	200003300098	04/03/2000	N	06	04/04/2000 09:10:12		00/00/0000	P
$16,992	09/17/2000 21:29:07	199907189912	09/17/2000	N	06	09/17/2000 21:29:07		00/00/0000	P
($16,992)	09/17/2000 00:00:00	199907189912	09/17/2000	N	06	09/17/2000 00:00:00		00/00/0000	A
$25,000	04/06/2001 19:07:18	200004030001	04/05/2001	N	07	04/06/2001 19:07:18		00/00/0000	P
$15,000	04/26/2001 19:19:53	200004220012	04/25/2001	N	07	04/26/2001 19:19:53		00/00/0000	P
$50,000	04/30/2001 19:24:25	200004270035	04/30/2001	N	07	04/30/2001 19:24:25		00/00/0000	P
$30,000	05/23/2001 21:10:17								

For LOC Internal Use Only

Sample LOC Drawdown Report and Key
See Appendix C, page 18.

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LOC Excess Cash Report

Purpose of the report is to:

- Reconcile the school's excess cash transactions to the LOC's records
- Identify any excess cash allocated to the wrong year
- Determine if funds were supposed to be sent to the LOC as excess cash or the Servicing Center as a payment

Schools can request this report from their Customer Service Representative at the LOC or their Client Account Manager. These reports can be printed for a particular processing year or in date order for a specified date range.

Applied Date – Date funds were deposited by ED.

Received Date – Date funds were posted on the Loan Origination System.

Trans Number – This is the check number or the transaction number from an electronic transfer.

Prog Year – This is the year in which the funds were ***applied*** at the LOC.

04- 1997/1998
05- 1998/1999
06- 1999/2000
07- 2000/2001

Applied Date	Received Date	Trans Number	Prog Year	Applied Amount	Recon Ind	Recon Proc Date	Batch Number	SF215 Number	SF215 Date	SF215 Amount
08/09/1000	08/09/1999	3438	06	$4,500	N		EC19990809089	101399	08/09/1999	$0.00
08/09/1999	11/10/1999	3438	06	$(4,500)	N		EC19991110012	101399	08/09/1999	$0.00
04/21/2001	04/21/2001	1089	07	$5,000	N		EC20000421059	446737	04/21/2001	$0.00
05/10/2001	05/10/2001	1105	07	$5,000	N		EC20000510001	446737	05/10/2001	$0.00
			Total	$10,000						

For LOC Internal Use Only

Sample LOC Excess Cash Report and Key
See Appendix C, page 20.

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Action Item List for Closeout

Once schools have identified all reconciliation and closeout issues, they should develop an action plan to resolve those issues. An action item list can be one tool to assist schools with this effort.

In Session 3 we discussed how important it is for schools to document their monthly reconciliation efforts. It is just as important for schools to document all closeout efforts. The format of your reconciliation and closeout documentation is not as important as what you document. An action item list can be one form to document **some** of your reconciliation and closeout efforts.

Blank Action Item List
See Appendix C, page 4.

Key Point

As with monthly reconciliation, a school must document its closeout efforts.

NOTES:

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PART 3

RECONCILIATION ROAD TEST: CLOSING OUT (SIMULATION)

Please remove the Closeout materials provided in Appendix A of your workbook and turn your attention to the instructor.

APPENDIX
A

MATERIALS FOR THE RECONCILIATION ROAD TEST (SIMULATION)

RECONCILIATION ROAD TEST

The institution in the simulation is Cutting Edge Technical College. It is a small Option 2 institution with a separate Direct Loan System and Business Office. It does not draw down funds until it has received an accepted origination record and signed promissory note, and it always draws down prior to disbursing funds.

Game Rules

1. All disbursements are unbooked until they are acknowledged as booked.
   - The only time money is moved from one area to another on the simulation board is when disbursements and adjustments go from unbooked to booked. Remember that the money is a symbolic representation of the total amount of each type of activity.
   - When moving amounts from unbooked to booked on the spreadsheet, subtract the amount that booked from the unbooked column and add it to the booked column.
2. All card instructions should be followed exactly as written.
3. There are two colors of money, to be used as follows:
   a. Black = All transactions except downward adjustments.
   b. Red = Downward adjustments only.
4. On the spreadsheets, the drawdowns, excess cash, disbursements, and upward adjustments will be recorded as positive numbers (black money).
5. On the spreadsheets, the downward adjustments will be recorded as negative numbers (red money).
6. **Hint!** Unless otherwise indicated, all transactions occur in the 2000-01 academic year.
7. The school starts the simulation with a beginning cash balance of zero.

RECONCILIATION ROAD TEST: MONTH 1

Remove pages 3 through 14 and turn your attention to your instructor.

Instructions

1. Start the simulation with a single month's worth of cards placed in the "Draw" pile.
2. Take turns drawing cards according to the player printed on the card (FAA, Business Office, or LOC).
3. Place cards in the discard pile once all actions have been completed.
4. Track all transactions by placing money on the appropriate areas of the playing board and recording the transaction on the applicable spreadsheet. The board will display a visual total of each player's recorded transactions, whereas the spreadsheets will show each individual transaction that occurs during the processing month.
5. Cards are labeled to assist you with the action required.

   INFORM - These are information cards only. Pass these to the appropriate player to illustrate the transfer of information between different offices.

   TRANSMIT - These cards illustrate the electronic transmission of information. Pass these cards to the appropriate player.

   RECORD - These cards require you to record the transactions on the appropriate spreadsheets and place the play money on the appropriate space on the board.

   The cards are labeled at the bottom with the player (FAA, Business Office, and LOC) that needs to perform the action.

6. After the end of each processing "month":
   - Total the spreadsheet columns and calculate the ending cash balance for each player.
   - Count the play money for each space on the simulation board and compare to your spreadsheets. Make any corrections.
   - Reconcile all three systems on the Reconciliation Worksheet.

BUSINESS OFFICE SYS

Beginning Balance ________________

CARD #	DATE	DRAWDOWNS	GAPS CONTROL
TOTALS			

Beginning Balance	+	**Draw-downs**	-	**Excess Cash**
	+		-	

TEM REPORT (MONTH 1)

For Month Ending ____________

#	EXCESS CASH	CHECK #	DISB	ADJ

-	Disbursements	-	Net Adjustments	=	Ending Cash Balance
-		-		=	

DIRECT LOAN SYSTE

Beginning Balance ____________

Beginning Unbooked (YTD) ____________

CARD #	DATE	DISBURSEMENTS	
		Unbooked	Book
TOTALS			

Beginning Balance	+	Draw-downs*	-	Excess Cash*
	+		-	

**Get Drawdown and Excess Cash totals from the Bu*

Remember, only **booked** disbursement records are included in the Ending Cash Balance at the LOC.

M REPORT (MONTH 1)

For Month Ending ________

	ADJUSTMENTS	
ed	**Unbooked**	**Booked**

-	**Disbursements**	-	**Net Adjustments**	=	**Ending Cash Balance**
-		-		=	

siness Office Records to insert into the above equation.

Beginning Unbooked	+	**Month End Total Unbooked**	=	**YTD Ending Unbooked**
	+		=	

LOC REPORT—Cutting Edge Tec

Beginning Balance ____________

Beginning Unbooked (YTD) ____________

CARD #	DATE	DRAWDOWNS	GAPS CONTROL #	EXCESS CA
TOTALS				

Beginning Balance	+	**Draw-downs**	-	**Excess Cash**
	+		-	

Remember, only **booked** disbursement records are included in the Ending Cash Balance at the LOC.

hnical College Account (Month 1)

For Month Ending ____________

SH	CHECK#	DISBURSEMENTS Unbkd	 Bkd	ADJUSTMENTS Unbkd	 Bkd

–	Disburse-ments	–	Net Adjustments	=	Ending Cash Balance
–		–		=	

Beginning Unbooked	+	Month End Total Unbooked	=	YTD Ending Unbooked
	+		=	

RECONCILIATION WORK

For Month Ending: ____________

	SCHOOL'S BUSINESS OFFICE:		**SCHOOL'S DIRECT LOAN:**	
Beginning Balance		$		$
Drawdowns	$		$	
Excess Cash Returned	$		$	
Total Net Cash Receipts		$		$
Disbursements	$		$	
Adjustments	$		$	
Total Disbursed		$		$
Ending Cash Balance		$		$

	SCHOOL'S DIRECT LOAN:		**LOC DLSAS:**	
Beginning Balance		$		$
Drawdowns	$		$	
Excess Cash Returned	$		$	
Total Net Cash Receipts		$		$
BOOKED				
Disbursements	$		$	
Adjustments	$		$	
Total Disbursed		$		$
Ending Cash Balance		$		$

UNBOOKED: YEAR TO DATE	**SCHOOL'S UNBOOKED DIRECT LOAN:**		**LOC DLSAS:**	
Disbursements	$		$	
Adjustments	$		$	
Total Unbooked		$		$

SHEET FOR SIMULATION

DIFFERENCE: NOTES:

$

$

$

$

$

$

DIFFERENCE: NOTES:

$

$

$

$

$

$

DIFFERENCE: NOTES:

$

$

$

Month 1 Wrap-Up Questions

1. What is the Ending Cash Balance (ECB) according to the Direct Loan system?

2. What is the Ending Cash Balance according to the Business Office system?

3. What reason(s) can you give for the difference(s) between the Direct Loan system's and Business Office system's Ending Cash Balance?

4. What action(s) does the school need to complete to resolve the discrepancies between the Business Office and Direct Loan systems?

5. What is the Ending Cash Balance according to the LOC?

6. What reason(s) can you give for the difference(s) between the Direct Loan system's Ending Cash Balance and the LOC Ending Cash Balance?

7. What action(s) does the school need to resolve the discrepancies from its Direct Loan system and the LOC?

8a. As of April 30, does the school have excess cash?

8b. How would these actions be different if this were an Option 1 or a Standard Origination school?

RECONCILIATION ROAD TEST: MONTH 2

Remove pages 15 through 46 and turn your attention to your instructor.

Instructions

The simulation continues in this exercise with one important difference: instead of tracking the Loan Origination Center (LOC) activity on a spreadsheet you will gather the LOC data from the May Direct Loan School Account Statement (DLSAS) provided. The rules and instructions remain the same.

```
Report Date:  06/09/2001        U.S. Department of Education         Page:    1
Report Time:  18:31:25      2000-2001 Federal Direct Loan Program
                             Direct Loan School Account Statement
      This Document Contains Sensitive Information Protected By the Privacy Act
********************************************************************************
Batch ID:          AS0G012342001060965432l
LOC Process Date: 06/09/2001

School Code:       G01234
Month End:         05/31/2001


CASH SUMMARY


Beginning Balance:                                          $      65,000

      Cash Receipts:                      $           0
      Excess Cash returned                $      -5,000
Total Net Cash Receipts                                     $      -5,000

      Net Booked Disb. Actual:            $     -75,000
      Net Booked Disb. Adjustments:       $       5,000
Total Booked Loan Detail                                    $     -70,000



Ending Cash Balance                                         $     -10,000
________________________________________________________________________________

      Net UnBooked Disb. Actual:          $     -20,000
      Net UnBooked Disb. Adjustments:     $           0
Total Unbooked Loan Detail                                  $     -20,000

Adjusted Ending Cash Balance:                               $     -30,000

                                   ****

The LOC's Ending Cash Balance represents the Department's official cash balance
for your school at the end of the current month.  This ending cash balance from
the LOC's records will be used by the Department to monitor the cash activity and
balances at your school. If your records do not agree, please notify your
Customer Service Representative IMMEDIATELY.
```

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Report Date:  06/09/2001        U.S. Department of Education          Page:     2
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Batch ID:             AS0G01234200106096543 21
LOC Process Date: 06/09/2001

School Code:          G01234
Month End:            05/31/2001


CASH DETAIL RECORDS FOR THIS MONTH

TRANS TYPE         DATE               AMOUNT        GAPS CONTROL #      CHECK #
----------         ----------         -----------   --------------      -------
Excess Cash        05/10/2001         $      5,000                      1105
```

100

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LOC Process Date: 06/09/2001
School Code:        G01234
Month End:          05/31/2001

LOAN DETAIL RECORDS

BORROWER'S NAME         DISB#/TYPE     LOC        STATUS        BOOKED
LOANID                  DATE           AMOUNT                   DATE
---------------         ----------     -------    --------      ---------
THOMPSON, TIMOTHY       2 G                       BOOKED        05/18/2001
111111111U01G01234001   05/02/2001     $  639     GROSS
                                       $   19     FEE
                                       $  620     NET
                                       $    0     NET ADJUSTMENT

THOMPSON, TIMOTHY       3 G                       BOOKED        05/25/2001
111111111U01G01234001   05/23/2001     $  639     GROSS
                                       $   19     FEE
                                       $  620     NET
                                       $    0     NET ADJUSTMENT

JOHNSON, JIM            2 G                       BOOKED        05/18/2001
111222222S01G01234001   05/02/2001     $ 2061     GROSS
                                       $   61     FEE
                                       $ 2000     NET
                                       $    0     NET ADJUSTMENT

JOHNSON, JIM            3 G                       BOOKED        05/25/2001
111222222S01G01234001   05/23/2001     $ 2061     GROSS
                                       $   61     FEE
                                       $ 2000     NET
                                       $    0     NET ADJUSTMENT

THE-SNAKE, JAKE         2 G                       BOOKED        05/18/2001
222000000S01G01234001   05/02/2001     $ 2061     GROSS
                                       $   61     FEE
                                       $ 2000     NET
                                       $    0     NET ADJUSTMENT
```

```
Report Date:  06/09/2001      U.S. Department of Education           Page:     4
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Batch ID:                ASOG012342001060965432l
LOC Process Date: 06/09/2001
School Code:             G01234
Month End:               05/31/2001

LOAN DETAIL RECORDS

BORROWER'S NAME          DISB#/TYPE    LOC        STATUS      BOOKED
LOANID                   DATE          AMOUNT                 DATE
---------------          ----------    -------    --------    ---------
THE-SNAKE, JAKE          3 G                      BOOKED      05/25/2001
222000000S01G01234001    05/23/2001    $ 2061     GROSS
                                       $   61     FEE
                                       $ 2000     NET
                                       $    0     NET ADJUSTMENT

THE-SNAKE, JAKE          1 A                      BOOKED      05/18/2001
222000000U01G01234001    04/30/2001    $    0     GROSS
                                       $    0     FEE
                                       $    0     NET
                                       $-5000     NET ADJUSTMENT

THE-SNAKE, JAKE          2 G                      BOOKED      05/18/2001
222000000U01G01234001    05/02/2001    $ 5154     GROSS
                                       $  154     FEE
                                       $ 5000     NET
                                       $    0     NET ADJUSTMENT

THE-SNAKE, JAKE          3 G                      BOOKED      05/25/2001
222000000U01G01234001    05/23/2001    $ 5154     GROSS
                                       $  154     FEE
                                       $ 5000     NET
                                       $    0     NET ADJUSTMENT

STEVENSON, STEVE         2 G                      BOOKED      05/18/2001
222999999S01G01234001    05/02/2001    $ 1731     GROSS
                                       $   51     FEE
                                       $ 1680     NET
                                       $    0     NET ADJUSTMENT

STEVENSON, STEVE         3 G                      BOOKED      05/25/2001
222999999S01G01234001    05/23/2001    $ 1731     GROSS
                                       $   51     FEE
                                       $ 1680     NET
                                       $    0     NET ADJUSTMENT
```

```
Report Date:  06/09/2001     U.S. Department of Education              Page:    5
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                           Direct Loan School Account Statement
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********************************************************************************
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LOC Process Date: 06/09/2001
School Code:        G01234
Month End:          05/31/2001

LOAN DETAIL RECORDS

BORROWER'S NAME        DISB#/TYPE   LOC       STATUS       BOOKED
LOANID                 DATE         AMOUNT                 DATE
----------------       ----------   -------   --------     ---------
STEVENSON, STEVE       2 G                    BOOKED       05/18/2001
222999999U01G01234001  05/02/2001   $ 1546    GROSS
                                    $   46    FEE
                                    $ 1500    NET
                                    $    0    NET ADJUSTMENT

STEVENSON, STEVE       3 G                    BOOKED       05/25/2001
222999999U01G01234001  05/23/2001   $ 1546    GROSS
                                    $   46    FEE
                                    $ 1500    NET
                                    $    0    NET ADJUSTMENT

JOHNSON, JULIE         1 G                    BOOKED       05/18/2001
383838383S01G01234001  04/26/2001   $ 2061    GROSS
                                    $   61    FEE
                                    $ 2000    NET
                                    $    0    NET ADJUSTMENT

JOHNSON, JULIE         1 G                    BOOKED       05/18/2001
383838383U01G01234001  04/26/2001   $ 1463    GROSS
                                    $   43    FEE
                                    $ 1420    NET
                                    $    0    NET ADJUSTMENT

ALBERT, ALLAN          1 G                    BOOKED       05/18/2001
474747474S01G01234001  04/26/2001   $ 1731    GROSS
                                    $   51    FEE
                                    $ 1680    NET
                                    $    0    NET ADJUSTMENT

ALBERT, ALLAN          1 G                    BOOKED       05/18/2001
474747474S01G01234002  04/26/2001   $ 2123    GROSS
                                    $   63    FEE
                                    $ 2060    NET
                                    $    0    NET ADJUSTMENT
```

```
Report Date:  06/09/2001      U.S. Department of Education            Page:    6
Report Time:  18:31:25    2000-2001 Federal Direct Loan Program
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LOC Process Date:  06/09/2001
School Code:       G01234
Month End:         05/31/2001

LOAN DETAIL RECORDS

BORROWER'S NAME         DISB#/TYPE    LOC        STATUS      BOOKED
LOANID                  DATE          AMOUNT                 DATE
---------------         ----------    -------    --------    ---------
FALLON, JODY            1 G                      BOOKED      05/18/2001
545454545S01G01234001   04/26/2001    $ 2061     GROSS
                                      $   61     FEE
                                      $ 2000     NET
                                      $    0     NET ADJUSTMENT

DAVIDSON, DAVID         1 G                      BOOKED      05/18/2001
656565656S01G01234001   04/26/2001    $ 1360     GROSS
                                      $   40     FEE
                                      $ 1320     NET
                                      $    0     NET ADJUSTMENT

BROWN, MARY             2 G                      BOOKED      05/18/2001
666555555S01G01234001   05/02/2001    $ 2123     GROSS
                                      $   63     FEE
                                      $ 2060     NET
                                      $    0     NET ADJUSTMENT

ANTHONY, SUSAN          2 G                      BOOKED      05/18/2001
667777777S01G01234001   05/02/2001    $ 2102     GROSS
                                      $   62     FEE
                                      $ 2040     NET
                                      $    0     NET ADJUSTMENT

MICHELS, MIKE           1 G                      BOOKED      05/18/2001
787878787S01G01234001   04/26/2001    $ 1731     GROSS
                                      $   51     FEE
                                      $ 1680     NET
                                      $    0     NET ADJUSTMENT

MICHELS, MIKE           1 G                      BOOKED      05/18/2001
787878787U01G01234001   04/26/2001    $ 1463     GROSS
                                      $   43     FEE
                                      $ 1420     NET
                                      $    0     NET ADJUSTMENT
```

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Report Date:  06/09/2001       U.S. Department of Education           Page:     7
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                              Direct Loan School Account Statement
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*****************************************************************************
Batch ID:            AS0G01234200106096543 21
LOC Process Date: 06/09/2001
School Code:         G01234
Month End:           05/31/2001

LOAN DETAIL RECORDS

BORROWER'S NAME          DISB#/TYPE    LOC       STATUS         BOOKED
LOANID                   DATE          AMOUNT                   DATE
---------------          ----------    -------   --------       ---------
MERRITT, MARY            1 G                     BOOKED         05/18/2001
788899900U01G01234001    05/02/2001    $ 5154    GROSS
                                       $  154    FEE
                                       $ 5000    NET
                                       $    0    NET ADJUSTMENT

MERRITT, MARY            2 G                     BOOKED         05/25/2001
788899900U01G01234001    05/23/2001    $ 5154    GROSS
                                       $  154    FEE
                                       $ 5000    NET
                                       $    0    NET ADJUSTMENT

SMITH, BOBBY             1 G                     BOOKED         05/18/2001
799900000S01G01234001    05/02/2001    $ 5154    GROSS
                                       $  154    FEE
                                       $ 5000    NET
                                       $    0    NET ADJUSTMENT

SMITH, BOBBY             2 G                     BOOKED         05/25/2001
799900000S01G01234001    05/23/2001    $ 5154    GROSS
                                       $  154    FEE
                                       $ 5000    NET
                                       $    0    NET ADJUSTMENT

DONALDSON, DONNA         1 G                     BOOKED         05/25/2001
818181818S01G01234001    05/23/2001    $ 4226    GROSS
                                       $  126    FEE
                                       $ 4100    NET
                                       $    0    NET ADJUSTMENT

CHIPMAN, CHARLIE         1 G                     BOOKED         05/18/2001
899900011S01G01234001    05/02/2001    $ 3195    GROSS
                                       $   95    FEE
                                       $ 3100    NET
                                       $    0    NET ADJUSTMENT
```

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Report Date:  06/09/2001       U.S. Department of Education            Page:     8
Report Time:  18:31:25      2000-2001 Federal Direct Loan Program
                            Direct Loan School Account Statement
     This Document Contains Sensitive Information Protected By the Privacy Act
*********************************************************************************
Batch ID:           AS0G01234200106096543 21
LOC Process Date: 06/09/2001
School Code:        G01234
Month End:          05/31/2001

LOAN DETAIL RECORDS

BORROWER'S NAME        DISB#/TYPE    LOC        STATUS       BOOKED
LOANID                 DATE          AMOUNT                  DATE
---------------        ----------    -------    --------     ---------
CHIPMAN, CHARLIE       2 G                      BOOKED       05/25/2001
899900011S01G01234001  05/23/2001    $ 3195     GROSS
                                     $   95     FEE
                                     $ 3100     NET
                                     $    0     NET ADJUSTMENT

BELL, ALEX             1 G                      BOOKED       05/18/2001
899900011S01G01234001  04/26/2001    $ 1463     GROSS
                                     $   43     FEE
                                     $ 1420     NET
                                     $    0     NET ADJUSTMENT

BARRY, CHUCK           1 G                      UNBOOKED
133344455U01G01234001  05/02/2001    $ 5154     GROSS
                                     $  154     FEE
                                     $ 5000     NET
                                     $    0     NET ADJUSTMENT

BARRY, CHUCK           1 G                      UNBOOKED
133344455U01G01234002  05/02/2001    $ 5154     GROSS
                                     $  154     FEE
                                     $ 5000     NET
                                     $    0     NET ADJUSTMENT

RENALDS, REBECCA       1 G                      UNBOOKED
333444555S01G01234001  05/02/2001    $ 5154     GROSS
                                     $  154     FEE
                                     $ 5000     NET
                                     $    0     NET ADJUSTMENT

ALBERTSON, ALBERT      1 G                      UNBOOKED
444555666S01G01234001  05/02/2001    $ 5154     GROSS
                                     $  154     FEE
                                     $ 5000     NET
                                     $    0     NET ADJUSTMENT
```

Report Date: 05/31/2001 PAGE: 1
Report Time: 08:44:19 2000-2001

Federal Direct Loan Program

CETC's Internal Cash Summary List

THIS DOCUMENT CONTAINS SENSITIVE INFORMATION PROTECTED BY THE PRIVACY ACT

****

Reported Period: **05/01/2001 to 05/31/2001**
Institution Code: G01234

Cash Summary - **School Amounts**

Beginning Cash Balance:		$65,000
Cash Receipts:	$30,000	
Excess Cash Returned:	$(5,000)	
Total Cash Receipts:		$25,000
DL System's Net Booked Disb. Actual:	$45,000	
DL System's Net Booked Disb. Adjustments:	$(5,000)	
Total Net Booked Loan Detail (Disbursements):		$(40,000)
Ending Cash Balance:		$50,000

Report Run Date: 5/31/2001

Reported Period: 5/1/01 - 5/31/01

BOOKED STATUS MEASUREMENT REPORT
Direct Loan System

BOOKED RECORDS

Name	Loan ID	Trans Type	Disb Date	DISB #	SEQ #	Net	Net Adj	Orig Status	Pnote Status	Disb Status	Booked Date	Booked w/in 30 days
Thompson, Timothy	111111111U01G01234001	D	05/02/2001	2	1	620		A	A	A	05/18/2001	Y
Johnson, Jim	111222222S01G01234001	D	05/02/2001	2	1	2000		A	A	A	05/18/2001	Y
Jake The-Snake	222000000S01G01234001	D	05/02/2001	2	1	2000		A	A	A	05/18/2001	Y
Jake The-Snake	222000000U01G01234001	A	04/30/2001	1	2	0	-5000	A	A	A	05/18/2001	Y
Jake The-Snake	222000000U01G01234001	D	05/02/2001	2	1	5000		A	A	A	05/18/2001	Y
Stevenson, Steve	222999999S01G01234001	D	05/02/2001	2	1	1680		A	A	A	05/18/2001	Y
Stevenson, Steve	222999999U01G01234001	D	05/02/2001	2	1	1500		A	A	A	05/18/2001	Y
Johnson, Julie	383838383S01G01234001	D	04/26/2001	1	1	2000		A	A	A	05/18/2001	Y
Johnson, Julie	383838383U01G01234001	D	04/26/2001	1	1	1420		A	A	A	05/18/2001	Y
Albert, Allan	474747474S01G01234001	D	04/26/2001	1	1	1680		A	A	A	05/18/2001	Y
Albert, Allan	474747474S01G01234002	D	04/26/2001	1	1	2060		A	A	A	05/18/2001	Y
Fallon, Jody	545454545S01G01234001	D	04/26/2001	1	1	2000		A	A	A	05/18/2001	Y
Davidson, David	656565656S01G01234001	D	04/26/2001	1	1	1320		A	A	A	05/18/2001	Y
Brown, Mary	666555555S01G01234001	D	05/02/2001	2	1	2060		A	A	A	05/18/2001	Y
Anthony, Susan	667777777S01G01234001	D	05/02/2001	2	1	2040		A	A	A	05/18/2001	Y
Michels, Mike	787878787S01G01234001	D	04/26/2001	1	1	1680		A	A	A	05/18/2001	Y
Michels, Mike	787878787U01G01234001	D	04/26/2001	1	1	1420		A	A	A	05/18/2001	Y
Merritt, Mary	788899900U01G01234001	D	05/02/2001	1	1	5000		A	A	A	05/18/2001	Y
Smith, Bobby	799900000S01G01234001	D	05/02/2001	1	1	5000		A	A	A	05/18/2001	Y
Chipman, Charlie	899900011S01G01234001	D	05/02/2001	1	1	3100		A	A	A	05/18/2001	Y
Bell, Alex	989898989S01G01234001	D	04/26/2001	1	1	1420		A	A	A	05/18/2001	Y

TOTAL BOOKED ACTUAL NET DISBURSEMENTS:	45000
TOTAL BOOKED ACTUAL NET ADJUSTMENTS	-5000

Report Run Date: 5/31/2001

Reported Period: 5/1/01 - 5/31/01

BOOKED STATUS MEASUREMENT REPORT
Direct Loan System

UNBOOKED RECORDS

Name	Loan ID	Trans Type	Disb Date	DISB #	SEQ #	Net	Net Adj	Orig Status	Pnote Status	Disb Status	Booked Date	Booked w/in 30 days
Thompson, Timothy	111111111U01G01234001	D	05/23/2001	3	1	620		A	A	B		8
Johnson, Jim	111222222S01G01234001	D	05/23/2001	3	1	2000		A	A	B		8
Barry, Chuck	133344455U01G01234001	D	05/02/2001	1	1	5000		A	M	A		29
Barry, Chuck	133344455U01G01234002	D	05/02/2001	1	1	5000		A	M	A		29
Jake The-Snake	222000000S01G01234001	D	05/23/2001	3	1	2000		A	A	B		8
Jake The-Snake	222000000U01G01234001	D	05/23/2001	3	1	5000		A	A	B		8
Stevenson, Steve	222999999S01G01234001	D	05/23/2001	3	1	1680		A	A	B		8
Stevenson, Steve	222999999U01G01234001	D	05/23/2001	3	1	1500		A	A	B		8
Renalds, Rebecca	333444555S01G01234001	D	05/02/2001	1	1	5000		A	M	A		29
Albertson, Albert	444555666S01G01234001	D	05/02/2001	1	1	5000		A	M	A		29
Merritt, Mary	788899900U01G01234001	D	05/23/2001	2	1	5000		A	A	B		8
Smith, Bobby	799900000S01G01234001	D	05/23/2001	2	1	5000		A	A	B		8
Donaldson, Donna	818181818S01G01234001	D	05/23/2001	1	1	4100		A	A	B		8
Chipman, Charlie	899900011S01G01234001	D	05/23/2001	2	1	3100		A	A	B		8

TOTAL UNBOOKED ACTUAL NET DISBURSEMENTS:	50000
TOTAL UNBOOKED ACTUAL NET ADJUSTMENTS	0

BUSINESS OFFICE SYSTEM REPORT (MONTH 2)

Beginning Balance ______________ For Month Ending __________

CARD #	DATE	DRAWDOWNS	GAPS CONTROL #	EXCESS CASH	CHECK #	DISB	ADJ
TOTALS							

Beginning Balance	+	Draw-downs	-	Excess Cash	-	Disburse-ments	-	Net Adjustments	=	Ending Cash Balance
	+		-		-		-		=	

DIRECT LOAN SYSTEM REPORT (MONTH 2)

Beginning Balance ____________ **For Month Ending** ____________

Beginning Unbooked (YTD) ____________

CARD #	**DATE**	**DISBURSEMENTS**		**ADJUSTMENTS**	
		Unbooked	**Booked**	**Unbooked**	**Booked**
TOTALS					

Beginning Balance	+	**Draw-downs***	-	**Excess Cash***	-	**Disburse-ments**	-	**Net Adjustments**	=	**Ending Cash Balance**
	+		-		-		-		=	

Get Drawdown and Excess Cash totals from the Business Office Records to insert into the above equation.

Remember, only **booked** disbursement records are included in the Ending Cash Balance at the LOC.

Beginning Unbooked	+	**Month End Total Unbooked**	=	**YTD Ending Unbooked**
	+		=	

RECONCILIATION WORKSHEET FOR SIMULATION

For Month Ending: ____________

	SCHOOL'S BUSINESS OFFICE:		SCHOOL'S DIRECT LOAN:		DIFFERENCE:	NOTES:
Beginning Balance		$		$	$	
Drawdowns	$		$		$	
Excess Cash Returned	$		$		$	
Total Net Cash Receipts		$		$		
Disbursements	$		$		$	
Adjustments	$		$		$	
Total Disbursed		$		$		
Ending Cash Balance		$		$	$	

	SCHOOL'S DIRECT LOAN:		LOC DLSAS:		DIFFERENCE:	NOTES:
Beginning Balance		$		$	$	
Drawdowns	$		$		$	
Excess Cash Returned	$		$		$	
Total Net Cash Receipts		$		$		
BOOKED						
Disbursements	$		$		$	
Adjustments	$		$		$	
Total Disbursed		$		$		
Ending Cash Balance		$		$	$	

UNBOOKED: YEAR TO DATE	SCHOOL'S UNBOOKED DIRECT LOAN:		LOC DLSAS:		DIFFERENCE:	NOTES:
Disbursements	$		$		$	
Adjustments	$		$		$	
Total Unbooked		$		$	$	

Month 2 Wrap-Up Questions

1. What is the Ending Cash Balance (ECB) according to the Direct Loan system?
2. What is the Ending Cash Balance according to the Business Office system?
3. What reason(s) can you give for the difference(s) between the Direct Loan and Business Office systems' Ending Cash Balance?
4. What action(s) does the school need to complete to resolve its discrepancies?
5. What is the Ending Cash Balance according to the LOC?

6. What reason(s) can you give for the difference(s) between the Direct Loan system's Ending Cash Balance and the LOC's Ending Cash Balance?

7. What action does the school need to take to resolve the $30,000 discrepancy?

RECONCILIATION ROAD TEST: CLOSING OUT

Remove pages 47 through 76 and turn your attention to your instructor.

Instructions

CETC just completed its third and final month (June) of processing and is trying to close out the year. The school received a 732-LOS report, ran various reports, and formed a team to resolve their ending cash balance.

1. Fill out the "Closeout YTD Reconciliation Worksheet" using the provided reports.

   School Generated Reports:

   - **Closeout YTD Reconciliation Worksheet**
     Hint: Use year-to-date (YTD) totals to fill out this worksheet.
   - **CETC's Internal Cash Summary List**
     Hint: This report shows cash balances from the Business Office and disbursement information from the school's Direct Loan system.
   - **Business Office Direct Loan Account Statement**
     Hint: This report shows YTD balances for the Business Office. Downward adjustments are shown as credits on this report.
   - **Business Office Direct Loan Accounts Credited in Month of 6/1/00**
     Hint: You can identify individual disbursements posted by the Business Office on this report.
   - **CETC's Direct Loan System Booked Status Measurement Report**
     Hint: You can find booked and unbooked totals from the Financial Aid Office on this report.

   LOC Generated Reports:

   - **732-LOS Report**
     Hint: This report shows the cash and loan information recorded at the LOC YTD.
   - **LOC Drawdown Report**
     Hint: This report identifies the year in which a drawdown is allocated in GAPS and the LOC.
   - **LOC Excess Cash Report**
     Hint: This report shows when excess cash was received at the LOC.

2. Identify any discrepancies between CETC's and the LOC's cash balances. Record these discrepancies and reasons for the differences on the "Closeout YTD Reconciliation Worksheet".
3. Use the provided blank "Action Item List For Program Year Closeout" spreadsheet to close out the program year and bring the school's ending cash balance to zero.
   Hint: Discrepancies may require multiple actions before they are resolved

CLOSEOUT YTD RECONCILIATION WORKSHEET

As of: 7/1/2001

		SCHOOL'S BUSINESS OFFICE:	SCHOOL'S DIRECT LOAN:	DIFFERENCE:	EXPLAIN DIFFERENCES &/OR REASONS FOR ECB:
	Beginning Balance	$0	$0	$	
YTD:					
	Drawdowns	$	$	$	
	Excess Cash Returned	$	$	$	
	YTD Total Net Cash Receipts	$	$		
	Net Disbursements	$	$ (Booked)	$	
	Net Adjustments	$	$ (Booked)	$	
	YTD Total Disbursed	$	$		
	Ending Cash Balance	$	$	$	

		SCHOOL'S DIRECT LOAN:	LOC 732 LOS:	DIFFERENCE:	EXPLAIN DIFFERENCES &/OR REASONS FOR ECB:
	Beginning Balance	$0	$0	$	
YTD:					
	Drawdowns	$	$	$	
	Excess Cash Returned	$	$	$	
	YTD Total Net Cash Receipts	$	$	$	
	Disbursements	$ (Booked)	$ (Booked)	$	
	Adjustments	$ (Booked)	$ (Booked)	$	
	YTD Total Disbursed	$	$	$	
	Ending Cash Balance	$	$	$	

	UNBOOKED:	SCHOOL'S DIRECT LOAN:	LOC 732 LOS:	DIFFERENCE:	EXPLAIN DIFFERENCES &/OR REASONS FOR UNBOOKED:
	Beginning Balance	$0	$0	$	
YTD:	Disbursements	$	$	$	
	Adjustments	$	$	$	
	YTD Total Unbooked	$	$	$	

Report Date: 07/01/2001 PAGE: 1
Report Time: 08:44:19 2000-2001
Federal Direct Loan Program

CETC's Internal Cash Summary List

THIS DOCUMENT CONTAINS SENSITIVE INFORMATION PROTECTED BY THE PRIVACY ACT

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Reported Period: **04/01/2001 to 07/01/2001**
Institution Code: G01234

Cash Summary - **School Amounts**

Beginning Cash Balance:		$ 0
Cash Receipts:	$139,900	
Excess Cash Returned:	$(12,060)	
Total Cash Receipts:		$127,840
Direct Loan System's Net Booked Disb. Actual:	$129,260	
Direct Loan System's Net Booked Disb. Adjustments:	$(12,060)	
Total Net Booked Loan Detail (Disbursements):		$(117,200)
Ending Cash Balance:		$10,640

BUSINESS OFFICE DIRECT LOAN ACCOUNT
STATEMENT FOR: 4/1/2001 TO 7/1/2001

DATE	DESCRIPTION	DEBIT	CREDIT
4/5/01	00/01 DL DRAWDOWN RECEIVED		$25,000.00
4/6/01	00/01 DL NET DISBURSEMENTS STUDENT	$25,000.00	
4/14/01	00/01 DL NET DISBURSEMENTS STUDENT		$5,000.00
4/14/01	00/01 RETURN OF EXCESS CASH-LOC	$5,000.00	
4/25/01	00/01 DL DRAWDOWN RECEIVED		$15,000.00
4/26/01	00/01 DL NET DISBURSEMENTS STUDENT	$15,000.00	
4/30/01	00/01 DL DRAWDOWN RECEIVED		$50,000.00
4/30/01	00/01 DL NET DISBURSEMENTS STUDENT		$5,000.00
5/2/01	00/01 DL NET DISBURSEMENTS STUDENT	$50,000.00	
5/5/01	00/01 RETURN OF EXCESS CASH-LOC	$5,000.00	
5/19/01	00/01 DL DRAWDOWN RECEIVED		$30,000.00
5/23/01	00/01 DL NET DISBURSEMENTS STUDENT	$30,000.00	
6/3/01	00/01 DL NET DISBURSEMENTS STUDENT		$2,060.00
6/5/01	00/01 RETURN OF EXCESS CASH-LOC	$2,060.00	
6/14/01	00/01 DL DRAWDOWN RECEIVED		$10,640.00
6/15/01	00/01 DL NET DISBURSEMENTS STUDENT	$10,640.00	
6/19/01	00/01 DL DRAWDOWN RECEIVED		$9,260.00
6/21/01	00/01 DL NET DISBURSEMENTS STUDENT	$9,260.00	

	TOTAL			YEAR-TO-DATE
	00/01 DL DRAWDOWN RECEIVED		$139,900.00	$139,900.00
	00/01 DL NET DISBURSEMENTS STUDENT	$139,900.00	$12,060.00	$(127,840.00)
	00/01 RETURN OF EXCESS CASH-LOC	$12,060.00		$(12,060.00)

BALANCE $0.00

BUSINESS OFFICE
DIRECT LOAN ACCOUNTS CREDITED IN MONTH OF: 6/01

SSN	NAME	FINANCIAL AID	DATE POSTED		NET
474747474	Albert, Allan	DL SUB	06/03/2001	$	(2,060.00)
545454545	Fallon, Jody	DL SUB	06/15/2001	$	2,640.00
788899900	Merritt, Mary	DL UNSUB	06/15/2001	$	5,000.00
818181818	Donaldson, Donna	DL SUB	06/15/2001	$	3,000.00
383838383	Johnson, Julie	DL SUB	06/21/2001	$	2,000.00
383838383	Johnson, Julie	DL UNSUB	06/21/2001	$	1,420.00
656565656	Davidson, David	DL SUB	06/21/2001	$	1,320.00
787878787	Michels, Mike	DL SUB	06/21/2001	$	1,680.00
787878787	Michels, Mike	DL UNSUB	06/21/2001	$	1,420.00
989898989	Bell, Alex	DL SUB	06/21/2001	$	1,420.00
			TOTAL	$	17,840.00

Report Run Date: 7/1//2001

Reported Period: 4/1/01 - 7/1/01

CETC'S DIRECT LOAN SYSTEM
BOOKED STATUS MEASUREMENT REPORT

BOOKED RECORDS

Name	Loan ID	Trans Type	Disb Date	DISB #	SEQ #	Net	Net Adj	Orig Status	Pnote Status	Disb Status	Booked Date	Booked w/in 30 days
Thompson, Timothy	111111111U01G01234001	D	04/06/2001	1	1	620		A	A	A	04/13/2001	Y
Thompson, Timothy	111111111U01G01234001	D	05/02/2001	2	1	620		A	A	A	05/18/2001	Y
Thompson, Timothy	111111111U01G01234001	D	05/23/2001	3	1	620		A	A	A	05/25/2001	Y
Johnson, Jim	111222222S01G01234001	D	04/06/2001	1	1	2000		A	A	A	04/13/2001	Y
Johnson, Jim	111222222S01G01234001	A	04/14/2001	1	2	0	-2000	A	A	A	04/26/2001	Y
Johnson, Jim	111222222S01G01234001	D	05/02/2001	2	1	2000		A	A	A	05/18/2001	Y
Johnson, Jim	111222222S01G01234001	D	05/23/2001	3	1	2000		A	A	A	05/25/2001	Y
Robinson, Robert	111333333S01G01234001	D	04/06/2001	1	1	1420		A	A	A	04/13/2001	Y
Allen, Steve	111444444S01G01234001	D	04/06/2001	1	1	1680		A	A	A	04/13/2001	Y
Barry, Chuck	133344455U01G01234001	D	05/02/2001	1	1	5000		A	A	A	06/05/2001	Y
Barry, Chuck	133344455U01G01234002	D	05/02/2001	1	1	5000		A	A	A	06/05/2001	Y
Jake The-Snake	222000000S01G01234001	D	04/06/2001	1	1	2000		A	A	A	04/13/2001	Y
Jake The-Snake	222000000S01G01234001	D	05/02/2001	2	1	2000		A	A	A	05/18/2001	Y
Jake The-Snake	222000000S01G01234001	D	05/23/2001	3	1	2000		A	A	A	05/25/2001	Y
Jake The-Snake	222000000U01G01234001	D	04/06/2001	1	1	5000		A	A	A	04/13/2001	Y
Jake The-Snake	222000000U01G01234001	A	04/30/2001	1	2	0	-5000	A	A	A	05/18/2001	Y
Jake The-Snake	222000000U01G01234001	D	05/02/2001	2	1	5000		A	A	A	05/18/2001	Y
Jake The-Snake	222000000U01G01234001	D	05/23/2001	3	1	5000		A	A	A	05/25/2001	Y
Smith, Bob	222111111S01G01234001	D	04/06/2001	1	1	1320		A	A	A	04/13/2001	Y
Smith, Bob	222111111S01G01234001	A	04/14/2001	1	2	0	-1320	A	A	A	04/26/2001	Y
Stevenson, Steve	222999999S01G01234001	D	04/06/2001	1	1	1680		A	A	A	04/13/2001	Y

Report Run Date: 7/1//2001
Reported Period: 4/1/01 - 7/1/01

CETC'S DIRECT LOAN SYSTEM
BOOKED STATUS MEASUREMENT REPORT

Name	Loan ID	Trans Type	Disb Date	DISB #	SEQ #	Net	Net Adj	Orig Status	Pnote Status	Disb Status	Booked Date	Booked w/in 30 days
Stevenson, Steve	222999999S01G01234001	D	05/02/2001	2	1	1680		A	A	A	05/18/2001	Y
Stevenson, Steve	222999999S01G01234001	D	05/23/2001	3	1	1680		A	A	A	05/25/2001	Y
Stevenson, Steve	222999999U01G01234001	D	04/06/2001	1	1	1500		A	A	A	04/13/2001	Y
Stevenson, Steve	222999999U01G01234001	D	05/02/2001	2	1	1500		A	A	A	05/18/2001	Y
Stevenson, Steve	222999999U01G01234001	D	05/23/2001	3	1	1500		A	A	A	05/25/2001	Y
Renalds, Rebecca	333444555S01G01234001	D	05/02/2001	1	1	5000		A	A	A	06/05/2001	Y
Johnson, Julie	383838383S01G01234001	D	04/26/2001	1	1	2000		A	A	A	05/18/2001	Y
Johnson, Julie	383838383S01G01234001	D	06/21/2001	2	1	2000		A	A	A	06/24/2001	Y
Johnson, Julie	383838383U01G01234001	D	04/26/2001	1	1	1420		A	A	A	05/18/2001	Y
Johnson, Julie	383838383U01G01234001	D	06/21/2001	2	1	1420		A	A	A	06/24/2001	Y
Albertson, Albert	444555666S01G01234001	D	05/02/2001	1	1	5000		A	A	A	06/05/2001	Y
Albert, Allan	474747474S01G01234001	D	04/26/2001	1	1	1680		A	A	A	05/18/2001	Y
Albert, Allan	474747474S01G01234002	D	04/26/2001	1	1	2060		A	A	A	05/18/2001	Y
Albert, Allan	474747474S01G01234002	A	06/03/2001	1	1	0	-2060	A	A	A	06/09/2001	Y
Fallon, Jody	545454545S01G01234001	D	04/26/2001	1	1	2000		A	A	A	05/18/2001	Y
Davidson, David	656565656S01G01234001	D	04/26/2001	1	1	1320		A	A	A	05/18/2001	Y
Davidson, David	656565656S01G01234001	D	06/21/2001	2	1	1320		A	A	A	06/24/2001	Y
Brown, Mary	666555555S01G01234001	D	04/06/2001	1	1	2060		A	A	A	04/13/2001	Y
Brown, Mary	666555555S01G01234001	D	05/02/2001	2	1	2060		A	A	A	05/18/2001	Y
Anthony, Susan	667777777S01G01234001	D	04/06/2001	1	1	2040		A	A	A	04/13/2001	Y
Anthony, Susan	667777777S01G01234001	D	05/02/2001	2	1	2040		A	A	A	05/18/2001	Y

Report Run Date: 7/1//2001
Reported Period: 4/1/01 - 7/1/01

CETC'S DIRECT LOAN SYSTEM
BOOKED STATUS MEASUREMENT REPORT

Name	Loan ID	Trans Type	Disb Date	DISB #	SEQ #	Net	Net Adj	Orig Status	Pnote Status	Disb Status	Booked Date	Booked w/in 30 days
Matsler, Steve	773333333S01G01234001	D	04/06/2001	1	1	1680		A	A	A	04/13/2001	Y
Matsler, Steve	773333333S01G01234001	A	04/14/2001	1	2	0	-1680	A	A	A	04/26/2001	Y
Schmidt, Jean	776666666S01G01234001	D	04/06/2001	1	1	2000		A	A	A	04/13/2001	Y
Michels, Mike	787878787S01G01234001	D	04/26/2001	1	1	1680		A	A	A	05/18/2001	Y
Michels, Mike	787878787S01G01234001	D	06/21/2001	2	1	1680		A	A	A	06/24/2001	Y
Michels, Mike	787878787U01G01234001	D	04/26/2001	1	1	1420		A	A	A	05/18/2001	Y
Michels, Mike	787878787U01G01234001	D	06/21/2001	2	1	1420		A	A	A	06/24/2001	Y
Merritt, Mary	788899900U01G01234001	D	05/02/2001	1	1	5000		A	A	A	05/18/2001	Y
Merritt, Mary	788899900U01G01234001	D	05/23/2001	2	1	5000		A	A	A	05/25/2001	Y
Smith, Bobby	799900000S01G01234001	D	05/02/2001	1	1	5000		A	A	A	05/18/2001	Y
Smith, Bobby	799900000S01G01234001	D	05/23/2001	2	1	5000		A	A	A	05/25/2001	Y
Donaldson, Donna	818181818S01G01234001	D	05/23/2001	1	1	4100		A	A	A	05/25/2001	Y
Chipman, Charlie	899900011S01G01234001	D	05/02/2001	1	1	3100		A	A	A	05/18/2001	Y
Chipman, Charlie	899900011S01G01234001	D	05/23/2001	2	1	3100		A	A	A	05/25/2001	Y
Bell, Alex	989898989S01G01234001	D	04/26/2001	1	1	1420		A	A	A	05/18/2001	Y
Bell, Alex	989898989S01G01234001	D	06/21/2001	2	1	1420		A	A	A	06/24/2001	Y

TOTAL BOOKED ACTUAL NET DISBURSEMENTS:	129260
TOTAL BOOKED ACTUAL NET ADJUSTMENTS:	-12060
	117200

Report Run Date: 7/1//2001
Reported Period: 4/1/01 - 7/1/01

CETC'S DIRECT LOAN SYSTEM
BOOKED STATUS MEASUREMENT REPORT

UNBOOKED RECORDS

Name	Loan ID	Trans Type	Disb Date	DISB #	SEQ #	Net	Net Adj	Orig Status	Pnote Status	Disb Status	Booked Date	Booked w/in 30 days
Merritt, Mary	788899900U01G01234001	D	06/15/2001	3	1	5000		A	A	E		16
Fallon, Jody	545454545S01G01234001	D	06/15/2001	2	1	2640		A	A	E		16

TOTAL UNBOOKED ACTUAL NET DISBURSEMENTS:	7640
TOTAL UNBOOKED ACTUAL NET ADJUSTMENTS:	0
	7640

732-LOS Summary (7-1-01)

LOC Report Date	Record Type	School Code	Reg Code	Beg Bal	Total Cash Recepts	Total Excess Cash	Cash on Hand	Total Actual Disb	Total Canc. Disb	Total Adj	Net Loan Detail	Ending Cash Balance	Net Unbkd	Adjusted Ending Cash Bal	Short Name for School
7/1/01	T1	G01234	8	0	109900	-12060	97840	129260	0	12060	117200	-19360	0	-19360	CUTTI NG EDGE TECNC

732-LOS Cash Detail (7-1-01)

Report Run Date	Receipt or Excess	GAPS Date/ Applied Date	Amount	LOC Post Date	GAPS Control Number	Check #
7/1/01	R	4/5/01	25000	4/6/01	200004030001	
7/1/01	R	4/25/01	15000	4/26/01	200004220012	
7/1/01	R	4/30/01	50000	4/30/01	200004270035	
7/1/01	R	6/14/01	10640	6/15/01	200006120054	
7/1/01	R	6/19/01	9260	6/20/01	200006172001	
7/1/01	X	4/21/01	-5000	4/21/01		1089
7/1/01	X	5/10/01	-5000	5/10/01		1105
7/1/01	X	6/9/01	-2060	6/9/01		3108
		TOTAL	97840			

732-LOS Loan Detail (7-1-01)

LOC Report Date	Booked or Unbooked	Loan Identifier	Gross	Fee	Net
7/1/01	B	111111111U01G01234001	1917	57	1860
7/1/01	B	111222222S01G01234001	4122	122	4000
7/1/01	B	111333333S01G01234001	1463	43	1420
7/1/01	B	111444444S01G01234001	1731	51	1680
7/1/01	B	133344455U01G01234001	5154	154	5000
7/1/01	B	133344455U01G01234002	5154	154	5000
7/1/01	B	222000000S01G01234001	6183	183	6000
7/1/01	B	222000000U01G01234001	10308	308	10000
7/1/01	B	222111111S01G01234001	0	0	0
7/1/01	B	222999999S01G01234001	5193	153	5040
7/1/01	B	222999999U01G01234001	4638	138	4500
7/1/01	B	333444555S01G01234001	5154	154	5000
7/1/01	B	383838383S01G01234001	4122	122	4000
7/1/01	B	383838383U01G01234001	2926	86	2840
7/1/01	B	444555666S01G01234001	5154	154	5000
7/1/01	B	474747474S01G01234001	1731	51	1680
7/1/01	B	474747474S01G01234002	0	0	0
7/1/01	B	545454545S01G01234001	2061	61	2000
7/1/01	B	656565656S01G01234001	2720	80	2640
7/1/01	B	666555555S01G01234001	4246	126	4120
7/1/01	B	667777777S01G01234001	4204	124	4080
7/1/01	B	773333333S01G01234001	0	0	0
7/1/01	B	776666666S01G01234001	2061	61	2000
7/1/01	B	787878787S01G01234001	3462	102	3360
7/1/01	B	787878787U01G01234001	2926	86	2840
7/1/01	B	788899900U01G01234001	10308	308	10000
7/1/01	B	799900000S01G01234001	10308	308	10000
7/1/01	B	818181818S01G01234001	4226	126	4100
7/1/01	B	899900011S01G01234001	6390	190	6200
7/1/01	B	989898989S01G01234001	2926	86	2840
				TOTAL	117200

LOC DRAWDOWN REPORT
CUTTING EDGE TECHNICAL COLLEGE (G01234)

PRINTED 7/1/2001 FOR 7/01/1999 TO 7/1/2001

Drawdown Amt	Drawdown Date	GAPS Control No	GAPS Debit Date	Rec Ind	Yr	Batch Date	Att #	Processed Date	Action Code
$22,678	07/22/1999 20:12:17	199907189912	07/21/1999	N	06	07/22/1999 20:12:17		00/00/0000	P
$36,495	09/08/1999 21:16:44	199909049916	09/07/1999	N	06	09/08/1999 21:16:44		00/00/0000	P
$114,145	11/10/1999 18:10:06	199911089915	11/10/1999	N	06	11/10/1999 18:10:06		00/00/0000	P
$18,721	04/04/2000 09:10:12	200003300098	04/03/2000	N	06	04/04/2000 09:10:12		00/00/0000	P
$16,992	09/17/2000 21:29:07	199907189912	09/17/2000	N	06	09/17/2000 21:29:07		00/00/0000	P
($16,992)	09/17/2000 00:00:00	199907189912	09/17/2000	N	06	09/17/2000 00:00:00		00/00/0000	A
$25,000	04/06/2001 19:07:18	200004030001	04/05/2001	N	07	04/06/2001 19:07:18		00/00/0000	P
$15,000	04/26/2001 19:19:53	200004220012	04/25/2001	N	07	04/26/2001 19:19:53		00/00/0000	P
$50,000	04/30/2001 19:24:25	200004270035	04/30/2001	N	07	04/30/2001 19:24:25		00/00/0000	P
$30,000	05/23/2001 21:10:17	200005190083	05/22/2001	N	06	05/23/2001 21:10:17		00/00/0000	P
$10,640	06/15/2001 15:10:00	200006120054	06/14/2001	N	07	06/15/2001 15:10:00		00/00/0000	P
$9,260	06/20/2001 08:02:00	200006172001	06/19/2001	N	07	06/20/2001 08:02:00		00/00/0000	P
$331,939	**TOTAL**								

LOC EXCESS CASH REPORT
CUTTING EDGE TECHNICAL COLLEGE (G01234)

PRINTED 7/1/2001 FOR 7/01/1999 TO 7/1/2001

Applied Date	Received Date	Trans Number	Prog Year	Applied Amount	Recon Ind	Recon Proc Date	Batch Number	SF215 Number	SF215 Date	SF215 Amount
08/09/1999	08/09/1999	3438	06	$4,500	N		EC19990809089	101399	08/09/1999	$0.00
08/09/1999	11/10/1999	3438	06	($4,500)	N		EC19991110012	101399	08/09/1999	$0.00
04/21/2001	04/21/2001	1089	07	$5,000	N		EC20000421059	446737	04/21/2001	$0.00
05/10/2001	05/10/2001	1105	07	$5,000	N		EC20000510001	447437	05/10/2001	$0.00
06/09/2001	06/09/2001	3108	07	$2,060	N		EC20000609908	468329	06/09/2001	$0.00
			Total	$12,060						

Action Item List for Program Year Closeout

Action Item	*Action Date*	*Responsible Office*	*Completed?*

APPENDIX

B

DIRECT LOAN BULLETINS (DLBS) AND CHARTS

Direct Loan Bulletin

December 1997

DLB-97-49

Subject: Direct Loan Reconciliation Redesign — Academic Year 1998-99

Dear Colleague:

For the 1998-99 academic year, the Direct Loan reconciliation process has been completely redesigned to better ensure a school's proper management of its Direct Loan funds and to make the process less burdensome for schools. **THE MOST IMPORTANT CHANGE FOR SCHOOLS IS THAT THE LOAN ORIGINATION CENTER (LOC) WILL INITIATE THE RECONCILIATION PROCESS FOR THE 1998-99 ACADEMIC YEAR AND ALL FUTURE YEARS. THE CURRENT DATA MATCH PROCESS WILL CONTINUE FOR ALL PRIOR YEARS.** Each month, the LOC will send each school in the Direct Loan Program an electronic file called the Direct Loan School Account Statement (DLSAS). **THE DLSAS WILL BE SENT USING THE NEW MESSAGE CLASS DSAS99OP AND NEW BATCH TYPE AS. THE RECORD LAYOUT FOR THE DLSAS IS IN THE CUSTOM LAYOUT SECTION OF THE 1998-99 DIRECT LOAN TECHNICAL REFERENCE.** This electronic file may be imported and formatted for printing a report that will look similar to a bank statement.

The DLSAS will include:

- Cash Summary: a summary of transactions for the month

- Cash Detail: detail of drawdowns (cash receipts) and excess cash returned

- Loan Detail (OPTIONAL): detail of disbursements, adjustments and cancellations

DISBURSEMENT ACTIVITY WILL BE INCLUDED IN THE DLSAS FOR THE MONTH IN WHICH THE TRANSACTION WAS ACKNOWLEDGED BY THE LOC; SIMILARLY, DRAWDOWNS WILL BE INCLUDED IN THE MONTH THE SCHOOL RECEIVED THE DRAWDOWN AND RETURN OF EXCESS CASH TRANSACTIONS WILL BE INCLUDED IN THE MONTH THE CASH WAS RECEIVED BY THE LOC. FOR EXAMPLE, A DISBURSEMENT THAT HAS A DISBURSEMENT DATE OF SEPTEMBER 30 THAT IS RECEIVED AND ACKNOWLEDGED BY THE LOC ON OCTOBER 2 WILL BE INCLUDED IN THE OCTOBER DLSAS.

A DLSAS will be generated for each Direct Loan school at the end of each calendar month. Each school will be notified of the approximate date during the following month that the school will receive its DLSAS. Schools will then receive the DLSAS on approximately the same date each month.

Beginning with the 1998-99 academic year, a separate DLSAS will be sent for each academic year the school participates in the Direct Student Loan Program. Each academic year will be closed on July 31st of the year following the academic year. FOR EXAMPLE, for the 1998-99 academic year, disbursement activity can start as early as January 1, 1998, and will close on July 31, 2000. Accordingly, each school will receive a DLSAS for the 1998-99 academic year from January 31, 1998, through July 31, 2000. Therefore, each month schools will receive the DLSAS for more than one academic year. When applicable, a cash summary reflecting no activity will be sent to the school.

Each institution will be responsible for reviewing and comparing the monthly DLSAS to its internal records to ensure the accuracy of the data on both the school's system and the LOC's system. See RECONCILING THE DLSAS AND RESOLVING DISCREPANCIES below.

ELEMENTS OF THE DLSAS

CASH SUMMARY

The Cash Summary for each month begins with the ending cash balance from the previous month. At the beginning of each academic year, the beginning cash balance will be zero.

The Cash Summary summarizes all disbursements, adjustments and cancellations acknowledged by the LOC during the month for BOOKED LOANS only. As noted above, transactions are included in the month acknowledged by the LOC, regardless of the disbursement date of the transaction.

In addition, the Cash Summary summarizes all drawdowns received by the school during the month as reported to the LOC by the Department of Education's Payment Management System. It also summarizes excess cash returned by the school and received by the LOC during the month.

The ending cash balance indicates the cash balance at the end of each month for all cash transactions and loan transactions for BOOKED loans. **THIS BALANCE REPRESENTS THE DEPARTMENT'S OFFICIAL CASH BALANCE FOR THE SCHOOL AND, THEREFORE, SCHOOLS WILL NEED TO MAKE SURE THAT THE CASH BALANCE REFLECTED ON THE DLSAS IS ACCURATE.**

The Cash Summary also summarizes all accepted loan transactions reported by the school to the LOC for loans that have NOT YET BOOKED at the end of the month. This amount is also reported on the Cash Summary. Transactions for unbooked loans as of the end of the previous month are also summarized in the Cash Summary.

CASH DETAIL

The Cash Detail provides a detailed listing of all drawdowns and excess cash returned and is always included with the DLSAS. Information in the Cash Detail section should be compared with the school's internal records and bank statements. The LOC obtains this information directly from the Department's Payment Management System for drawdowns and the LOC's own records for excess cash returned.

LOAN DETAIL (OPTIONAL)

Schools have the option of receiving only the Cash Summary and Cash Detail portions of the DLSAS (i.e., without loan detail records). IF A SCHOOL DECIDES TO RECEIVE THE DLSAS WITHOUT THE LOAN DETAIL RECORDS, THE SCHOOL NEEDS TO CONTACT ITS CUSTOMER SERVICE REPRESENTATIVE (CSR) AT THE LOC.

- The DLSAS file will include the following information for schools who choose to receive loan detail:

- BOOKED disbursements, adjustments, and cancellations ACKNOWLEDGED THAT MONTH, SORTED BY LOAN ID.

- ACCEPTED BUT UNBOOKED disbursements, adjustments, and cancellations for the ACADEMIC YEAR TO DATE, GROUPED BY LOAN ID.

- A school's decision to NOT RECEIVE loan detail information with the DLSAS can be changed at any time.

- Schools can request loan detail for any month(s) regardless of their decision to receive, or not receive, loan detail on the DLSAS. Schools can make this request at any time during the program year for all active program years.

RECONCILING THE DLSAS AND RESOLVING DISCREPANCIES

Each month, all schools must reconcile the ending cash balance reflected in the DLSAS Cash Summary with the cash balance reflected in the school's internal records. The school should compare the DLSAS Cash Summary totals for cash receipts, excess cash, booked disbursements, adjustments and cancellations with the school's totals for these transactions. Schools should take into account any timing differences when analyzing discrepancies.

When discrepancies arise, schools should first make sure that all loan origination, promissory note and disbursement information has been submitted to the LOC. **IT IS NOT NECESSARY TO CHANGE DRAWDOWN, EXCESS CASH OR DISBURSEMENT TRANSACTIONS THAT RESULT FROM ITEMS THAT WERE IN TRANSIT AT THE END OF THE MONTH .**

To assist schools in determining which loans have not yet booked, there are a number of tools available to them to help identify and resolve discrepancies. Schools using EDExpress can produce Measurement Tool Reports including the Booked Status Report and the Cash Summary List. Custom (mainframe) schools and software vendors may develop similar reports. These reports will help schools identify those loans on the school's system which have not yet booked and will indicate which booking component, either the promissory note or disbursement record, remains outstanding in order to book the loan.

Some things to remember:

- The DLSAS cash balance includes only BOOKED loan detail through the end of the month. A booked status on the school's system can only be updated by the school importing the promissory note acknowledgment and the disbursement acknowledgment.

- Be sure to export all pending data batches for loan origination records, promissory notes, and disbursements prior to the end of the month.

- Be sure to import all pending data batches in order to update the accepted status and booked status flags on the school's system.

LOAN DETAIL MATCHING (OPTIONAL PROCESS):

An optional process is available to schools to assist them when comparing school data to LOC data. This optional process is called LOAN DETAIL MATCHING. This process provides a school with the option of sending the LOC an electronic loan detail file(s) to be "matched" with the LOC's records. The school can send a file containing all BOOKED transactions for a specified month. In addition, the school can send a separate file containing UNBOOKED transactions for the entire year to date.

When the LOC receives the file(s), the LOC will compare the loan detail records sent by the school with the records on file at the LOC. After comparing the records, an exception report will be created and electronically sent back to the school. This exception report will display all differences between the school's Loan Detail Matching file and the records on the LOC's database and will assist schools in resolving discrepancies found while reviewing the monthly DLSAS. If a school's file does not conform to the guidelines for file submission, the exception report will contain a message describing why the file rejected and was not processed.

The Exception Reports will be returned with the following message classes:

EDM199OP - Data Matching Exception Report for Booked Loans
EDM299OP - Data Matching Exception Report for Unbooked Loans

If you have any questions regarding the reconciliation redesign, please contact a member of the Accountability and Reconciliation Team at (202) 205-6466.

Sincerely,

Joe L. McCormick
Chair
Direct Loan Task Force

Direct Loan Bulletin

March 1998

DLB-98-08

SUBJECT: Initial Direct Loan School Account Statement

Dear Colleague:

Direct Loan Bulletin 97-49 notified schools of the new reconciliation process for the 1998-99 academic year, which involves the Loan Origination Center (LOC) sending each school in the Direct Loan Program a monthly electronic file called the Direct Loan School Account Statement (DLSAS). **For academic years 1998-99 and subsequent**, this file will be generated for each school at the end of every calendar month and *schools will not submit a reconciliation file to the LOC. However, schools are required to reconcile the DLSAS to their internal records. This file will not be generated for years prior to 1998-99.*

The Loan Origination Center began processing 1998-99 loan records on schedule on February 17, 1998. The LOC will send the first DLSAS for the month of February, 1998, to all schools during the first two weeks of March.

As a reminder, the message class for the DLSAS is DSAS99OP and the batch type is AS. Schools must import the Direct Loan School Account Statement each month and reconcile the statement to their internal records. If you have any questions concerning the DLSAS for the 1998-99 academic year, please call your LOC Customer Service Representative at 800/848-0978.

Thank you for your ongoing support of the Direct Loan Program.

Sincerely,

Joe L. McCormick
Chair
Direct Loan Task Force

Direct Loan Bulletin

June 1999

DLB 99-31

Subject: Program Year Closeout Steps and Tools

Dear Partner:

Direct Loan Bulletin 99-30 provided you with information on the closeout process for the 1997-98 Direct Loan program year. The following steps and recommendations offer additional assistance on closing out the program year and guidance on using the 732-LOS files.

1. Query internal system

- for batches not sent to the Loan Origination Center (LOC);
- for batches sent to the LOC but not acknowledged;
- for acknowledgment received from the LOC but not imported into the school's system;
- for records rejected by the LOC that have not been corrected and re-transmitted by the school;
- for unbooked loans:
- loans with origination records and promissory notes but no first disbursement record;
- loans with origination records and first disbursement records but no promissory note;
- any other queries as necessary to determine whether there are unbooked loans on your system.

2. Review 30 Day Warning Report

- Determine whether loans on the report are still valid.
- Submit missing promissory notes or disbursements records.
- Cancel any loans that will not be disbursed.

3. 732-LOS File

- Import the 732-LOS Summary file (**DIS498OP**).
- Compare total balances for cash receipts, returns of excess cash, booked disbursements and unbooked disbursements to total balances on the school's internal system.
- If balances do not agree, import the 732-LOS Detail file (**DIS598OP**).
- Compare cash records (drawdowns and returns of excess cash) to institutional bank records.
- Compare loan records to the records on school internal systems.
- Resolve discrepancies:
- Cash Discrepancies: As a result of the conversion to the Grants, Administration and Payment System (GAPS) for schools to draw down Direct Loan funds, there are many instances where drawdowns and excess cash have been recorded in the incorrect program year at the Loan Origination System. If you have determined that drawdowns/returns of excess cash are missing from the 732-LOS, call the LOC to determine whether those drawdowns/returns of excess cash were allocated to another program year instead of 1997-98.
- Loan Discrepancies: If loan amounts do not agree, determine whether all disbursement transactions for the loan have been sent to the LOC. Transmit any outstanding disbursements to the LOC. If all disbursements have been submitted, contact the LOC to determine why loan amounts do not agree.
- In any other situations where cash or loan discrepancies exist, call the LOC for assistance in getting the records corrected.
- The Direct Loan Client Account Managers have developed a Microsoft Access application (compare program) to assist schools in the comparison of school data with the 732- LOS data provided by the LOC. Schools that are interested in using this program as a tool for reconciling their 732-LOS data to their internal records should contact their Regional Direct Loan Client Account Manager for information and assistance on using this application.

BEST COPY AVAILABLE

DLB 99-31, Continued

Please note that the Access application is only a tool to aid in the closeout process. It will not create a zero balance or find ALL discrepancies. The compare program can only find things that are different within the system and the 732-LOS report. For example, if a group of disbursements was never entered into the software or school system, there is no way to detect that with the compare program. **The school should balance all internal systems before using this program.**

Please remember that the 1997-1998 closeout deadline is **July 31, 1999**.

Thank you for your continued support of the Direct Loan Program.

Sincerely,

Margaret E. White
Acting Chair
Direct Loan Task Force

Direct Loan Bulletin

October 1999

DLB 99-60

Subject: Return of Direct Loan Excess Cash

Dear Partner:

This bulletin follows up on the guidance we provided earlier (see DLB 96-13 and DLB 97-17), which discussed the return of excess cash. We have learned that some schools are returning excess cash to a Department post office box in St. Louis, Missouri, rather than to the Loan Origination Center (LOC) in Montgomery.

Please refer to The Blue Book - Accounting, Recordkeeping, and Reporting by Postsecondary Educational Institutions for Federally Funded Student Financial Aid Programs, dated June 1999. Section 4.12 discusses the return of Direct Loan funds.

As with other Title IV funds, Direct Loan excess cash is any amount of Direct Loan funds a school does not disburse to borrowers by the end of the third business day following the date the school receives the funds. This includes excess funds that result from adjusting downward the amount of an actual disbursement.

There are two methods by which schools may return excess Direct Loan cash:

- Check - A check may be used if the amount of excess cash is less than $100,000. It should be made payable to the U. S. Department of Education. The check and/or accompanying correspondence should include the school's Direct Loan school code and the academic year the funds should be applied against. The school should also indicate that the funds are excess Direct Loan cash. The check should be mailed to:

Loan Origination Center
ATTN: EXCESS CASH
P.O. Box 2011
Montgomery, AL 36102-2011

- FEDWIRE - If the amount of excess cash is $100,000 or more, an electronic transfer method must be used. A school must instruct its bank that the reason for the remittance is Direct Loan excess cash. The funds must be returned to:

Compass Bank Account No. 707 2672 6
ABA No. 062001186

Please include the Direct Loan school code and the academic year the funds should be applied against.

We hope this bulletin clarifies the return procedures for you. Thank you for your ongoing participation in the Direct Loan Program.

Sincerely,

Margaret E. White
Acting Lead, Title IV Delivery
Schools Channel

Direct Loan Bulletin

November 1999

DLB 99-66

Subject: Guidance on Processing Adjustments to Actual Disbursements

Dear Partner:

Based on the number of questions that we have received from Direct Loan schools, there still seems to be some confusion concerning when it is appropriate to adjust the amount or date of an actual disbursement, and when it is necessary to make a new disbursement. It is important to use the correct transaction type, because interest on a Direct Loan - whether it must be paid by the borrower or is subsidized by the federal government - is calculated from the date that you actually disburse the loan funds. Adjustments are applied to the borrower's account as of the date of the related disbursement, **not** the adjustment date.

We hope this bulletin will clarify the adjustment process.

When should I adjust the amount or date of an actual disbursement?

You should adjust the amount or date of an actual disbursement when you need to change the amount of the disbursement or the date that the disbursement was made. You must not adjust the amount of an actual disbursement for the purpose of giving a borrower more money later during the same loan period. In other words, adjustments should not be used to make additional disbursements on a loan.

Downward adjustment of an actual disbursement amount

Various situations may require you to adjust the amount of an actual disbursement downward. For example, you would adjust an actual disbursement amount downward when —

- you incorrectly reported the amount of the disbursement as more than the amount that you actually disbursed;
- at the borrower's request, you are returning all or a portion of the loan within 120 days of the date of disbursement; or
- you are returning all or a portion of the loan (at any time) to comply with a statutory or regulatory requirement.

Upward adjustment of an actual disbursement amount

You may adjust an actual disbursement amount **upward** only when —

- you incorrectly reported the amount of the disbursement as less than the amount that you actually disbursed, or

- you adjusted a previous actual disbursement amount to $0, but are now using that disbursement number to make a subsequent disbursement.

Adjustment to an actual disbursement date

You adjust an actual disbursement date when —
- you incorrectly reported the date that you made a disbursement, or
- you adjusted a previous actual disbursement amount to $0, but are now using that disbursement number to make a subsequent disbursement.

DLB 99 - 66, Continued

Examples:

- *Downward Adjustment*: You made a first disbursement of $1,313 on 8/30/99. On 9/15/99, per the borrower's request, you adjust the amount of the first disbursement to $1,000. You do not adjust the 8/30/99 disbursement date. Interest will be recalculated from 8/30/99 based on the reduced disbursement amount of $1,000.
- *Upward Adjustment*: You made a first disbursement of $1,313 on 8/30/99, but later discover that you incorrectly reported the disbursement amount as $1,000. You correct the error by adjusting the first disbursement amount to $1,313. You do not adjust the disbursement date, because you actually disbursed $1,313 on 8/30/99.
- *Upward Adjustment and Change in Date*: You made a first disbursement of $1,313 on 8/30/99. On 9/15/99, per the borrower's request, you adjust the first disbursement amount to $0. On 9/25/99, the borrower requests $1,000 for the first disbursement. You adjust the first disbursement amount from $0 to $1,000, and adjust the date of first disbursement from 8/30/99 to 9/25/99.

In this example, you must adjust the date to reflect the date that the borrower actually received the funds. Otherwise, interest would be calculated from 8/30/99, even though the borrower did not receive the loan funds until 9/25/99.

- *Date Adjustment*: You made the first disbursement of a loan on 9/15/99, but incorrectly reported the disbursement date as 8/30/99. You correct the error by adjusting the first disbursement date to 9/15/99 so that interest will be recalculated from the date that the borrower actually received the loan funds.

When do I need to make a new disbursement?

You must make a new disbursement when you have already made one or more disbursements and you are giving a borrower additional loan funds later during the same loan period. This situation might occur when a borrower's loan eligibility increases (for example, due to a change in financial need, grade level, or dependency status), or when a borrower who previously requested a lesser loan amount later wishes to borrow the full amount for which he or she was eligible.

You may **not** increase the loan amount simply by making an adjustment to a prior actual disbursement. An adjustment to an actual disbursement amount is treated as if it occurred on the date of the original disbursement, and interest on the adjusted loan amount is calculated from the date of the original disbursement. This means that if you process a loan amount increase by making an adjustment to a prior disbursement, interest on the increased amount will be calculated from the date of the prior disbursement rather than from the later date when the borrower actually receives the additional funds. In the case of an unsubsidized loan, the borrower will then be charged interest on the increased loan amount for a period before the borrower had use of the funds. In the case of a subsidized loan, the federal government - and therefore the taxpayer - will be responsible for paying the interest on the increased amount before it was given to the borrower.

Example:

- *New Disbursement*: A borrower is eligible to receive a first disbursement of $2,000, but requests only $1,000. You make the first disbursement of $1,000 on 8/30/99. On 10/1/99, the borrower requests the additional $1,000. You make a new disbursement for this amount with a disbursement date of 10/1/99. You cannot simply adjust the first disbursement upward to $2,000, because interest would then be charged on the full $2,000 beginning on 8/30/99, the date of the first disbursement.

Again, we hope this information will clarify the adjustment process. Thank you for your ongoing partnership in the Direct Loan Program.

Sincerely,

Margaret E. White
Acting Lead, Title IV Delivery
Schools Channel

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Direct Loan Bulletin

December 1999

DLB 99-72

Subject: Corrections to the File Layouts in DLB 99-67

Dear Partner:

We have identified and corrected the inconsistencies that existed between the file layouts we included in Direct Loan Bulletin 99-67 entitled, "Direct Loan School Account Statement and 732 Reports," and the actual 1998-1999 files sent to you for October and November 1999.

The corrected layouts are attached. Note that a change will become effective in the December 1999 file that will make it consistent with the layout being provided to you now. Field number 12 of the excess cash layout will be extended to 13 characters from its current length of 7 characters.

We apologize for the inconvenience this error has caused and thank you for your ongoing support of the Direct Loan program.

Sincerely,

Margaret E. White
Acting Lead, Title IV Delivery Schools Channel

Attachment
Enclosure A

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DLB 99 - 72 Enclosure A

FILE LAYOUT OF 732 REPORT SENT TO SCHOOLS FOR YEAR 98-99 and 99-00

- **Drawdowns, Excess Cash, and Loan Detail records will be in Message class EDM899OP for 98-99**
- **Cash Summary Record will be in Message Class EDM999OP for 98-99**

Drawdowns

Field No	Position	Length	Type	Field name	Description
1	1–1	1	Char	Delimiter	A character used as delimiter (,)
2	2-11	10	Date	Process date	mm/dd/ccyy The date when ran on LOC
3	12-12	1	Char	Delimiter	A character used as delimiter (,)
4	13-13	1	Char	Record Type	R=Cash Receipts
5	14-14	1	Char	Delimiter	A character used as delimiter (,)
6	15-24	10	Date	GAPS Date	mm/dd/ccyy GAPS Date for Drawdown
7	25-25	1	Type	Delimiter	A character used as delimiter (,)
8	26-36	11	Num	Amount	-9999999999 to 09999999999 Normally Positive for Drawdowns
9	37-37	1	Char	Delimiter	A character used as delimiter (,)
10	38-47	10	Date	LOC posting date	mm/dd/ccyy Date on which the transaction was received by LOC (if available)
11	48-48	1	Char	Delimiter	A character used as delimiter (,)
12	49-61	13	Char	GAPS Control Number	GAPS Control Number received from GAPS. Blank when not available.
13	62-62	1	Char	Delimiter	A character used as delimiter (,)
14	63-77	15	Char	Check Number	Will be blank for drawdowns
15	78-78	1	Char	Delimiter	A character used as delimiter (,)

Excess Cash

Field No	Position	Length	Type	Field name	Description
1	1–1	1	Char	Delimiter	A character used as delimiter (,)
2	2-11	10	Date	Process date	mm/dd/ccyy The date when ran on LOC
3	12-12	1	Char	Delimiter	A character used as delimiter (,)
4	13-13	1	Char	Record Type	X=Excess Cash
5	14-14	1	Char	Delimiter	A character used as delimiter (,)
6	15-24	10	Date	Applied Date	mm/dd/ccyy Applied Date for Excess Cash
7	25-25	1	Type	Delimiter	A character used as delimiter (,)
8	26-36	11	Num	Amount	-9999999999 to 09999999999 Normally Negative for Excess Cash
9	37-37	1	Char	Delimiter	A character used as delimiter (,)
10	38-47	10	Date	LOC posting date	mm/dd/ccyy Date on which the transaction was received by LOC (if available)
11	48-48	1	Char	Delimiter	A character used as delimiter (,)
12*	49-61	13	Char	GAPS Control Number	Will be blank for Excess Cash.
13	62-62	1	Char	Delimiter	A character used as delimiter (,)
14	63-77	15	Char	Check Number	Check Number of the Excess Cash Record. Blank when not available.
15	78-78	1	Char	Delimiter	A character used as delimiter (,)

NOTE.- Field # 12 will be extended to 13 for the December 732 Report. Currently is 7 characters.

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DLB 99 - 72 Enclosure A

Loan Detail

Field No	Position	Length	Type	Field name	Description
1	1-1	1	Char	Delimiter	A character used as delimiter (,)
2	2-11	10	Date	Process date	mm/dd/ccyy The date when rc72 ran on LOC
3	12-12	1	Char	Delimiter	A character used as delimiter (,)
4	13-13	1	Char	Record Type	B=Booked Loan/ Loan Detail U=Unbooked Loan/ Loan Detail
5	14-14	1	Char	Delimiter	A character used as delimiter (,)
6	15-35	21	Char	Loan Identifier	Preassigned Loan Identifier
7	36-36	1	Type	Delimiter	A character used as delimiter (,)
8	37-37	1	Char	Disbursement number	Blank
9	38-38	1	Char	Delimiter	A character used as delimiter (,)
10	39-39	1	Char	Action Taken	Blank
11	40-40	1	Char	Delimiter	A character used as delimiter (,)
12	41-42	2	Char	Sequence Number	Blank
13	43-43	1	Char	Delimiter	A character used as delimiter (,)
14	44-53	10	Date	School Disbursement Date	Blank
15	54-54	1	Char	Delimiter	A character used as delimiter (,)
16	55-61	7	Num	Gross Amount	-999999 to 0999999 Normally positive Total Gross Amount of Loan

Loan Detail

Field No	Position	Length	Type	Field name	Description
17	62-62	1	Char	Delimiter	A character used as delimiter (,)
18	63-69	7	Num	Fee Amount	-999999 to 0999999 Normally positive Total Fee Amount of Loan
19	70-70	1	Type	Delimiter	A character used as delimiter (,)
20	71-77	7	Num	Net Amount	-999999 to 0999999 Normally Positive Total Net Amount of Loan
21	78-78	1	Char	Delimiter	A character used as delimiter (,)
22	79-85	7	Num	Net Adjustment Amount	Blank
23	86-86	1	Char	Delimiter	A character used as delimiter (,)

Note: An upward adjustment increases the amount disbursed.
A downward adjustment decreases the amount disbursed.

Cash Summary Record

Field No	Position	Length	Type	Field name	Description
1	1-1	1	Char	Delimiter	A character used as delimiter (,)
2	2-11	10	Date	Process date	mm/dd/ccyy The date when rc762 ran on LOC
3	12-12	1	Char	Delimiter	A character used as delimiter (,)
4	13-14	2	Char	Record Type	T1=Cash summary
5	15-15	1	Char	Delimiter	A character used as delimiter (,)
6	16-16	1	Char	School Code Type	The school code type
7	17-21	5	Char	School No	5-digit school number
8	22-22	1	Char	Delimiter	A character used as delimiter (,)
9	23-24	2	Char	Region Code	2-digit region code of the school.
10	25-25	1	Char	Delimiter	A character used as delimiter (,)
11	26-38	13	Num	Beginning Balance	-999999999999 to 0999999999999
12	39-39	1	Type	Delimiter	A character used as delimiter (,)
13	40-54	15	Num	Total Cash Receipt	-99999999999.99 to 099999999999.99 Normally Positive
14	55-55	1	Char	Delimiter	A character used as delimiter (,)
15	56-70	15	Num	Total Returns of Excess Cash	-99999999999.99 to 099999999999.99 Normally negative
16	71-71	1	Char	Delimiter	A character used as delimiter (,)
17	72-86	15	Num	Cash on Hand	-99999999999.99 to 099999999999.99
18	87-87	1	Type	Delimiter	A character used as delimiter (,)
19	88-102	15	Num	Total Actual Disbursements	-99999999999.99 to 099999999999.99 Normally positive
20	103-103	1	Char	Delimiter	A character used as delimiter (,)
21	104-118	15	Num	Total Canceled disbursements	-99999999999.99 to 099999999999.99 Normally positive
22	119-119	1	Char	Delimiter	A character used as delimiter (,)

Cash Summary Record

Field No	Position	Length	Type	Field name	Description
23	120-134	15	Num	Total Adjusted Disbursements	-99999999999.99 to 099999999999.99 Positive for upward adjustments and negative for downward adjustments
24	135-135	1	Type	Delimiter	A character used as delimiter (,)
25	136-150	15	Num	Net Loan Detail	-99999999999.99 to 099999999999.99
26	151-151	1	Char	Delimiter	A character used as delimiter (,)
27	152-166	15	Num	Ending Cash Balance	-99999999999.99 to 099999999999.99
28	167-167	1	Char	Delimiter	A character used as delimiter (,)
29	168-182	15	Num	Net Unbooked	-99999999999.99 to 099999999999.99
30	183-183	1	Char	Delimiter	A character used as delimiter (,)
31	184-198	15	Num	Adjust Ending Cash Balance	-99999999999.99 to 099999999999.99
32	199-199	1	Char	Delimiter	A character used as delimiter (,)
33	200-217	18	Char	Short Name	Short name of school
34	218-218	1	Char	Delimiter	A character used as delimiter (,)

Direct Loan Bulletin

December 1999

DLB 99-74

Subject: Returning Direct Loan Funds

Dear Partner:

Based on the questions that we are receiving from Direct Loan schools, there still appears to be some confusion concerning Direct Loan Program regulations that were published in the Federal Register on November 28, 1997 (62 FR 63428). These regulations changed the conditions under which a Direct Loan Program borrower is obligated to pay loan fees and interest charges when a school returns all or a portion of the borrower's loan to the Department of Education. In particular, many schools have asked about the significance of returning funds within 120 days of the disbursement date vs. more than 120 days after disbursement. We have prepared this Bulletin in order to clarify the regulatory change and explain how it affects the procedures for returning Direct Loan funds.

How did the Direct Loan Program regulations change?

The November 28, 1997 regulations amended 34 CFR 685.202(c) by changing the conditions under which a borrower must pay loan fees and interest charges on any portion of a loan that is returned by a school. Under the new regulations, which took effect July 1, 1998, a borrower is not charged loan fees and interest on any portion of a loan that a school returns in order to comply with a regulatory or statutory requirement, regardless of when the school returns the funds or when the action that required the return of funds occurred.

Under the regulations that were in effect before the July 1, 1998 change, a borrower was not charged loan fees and interest on funds returned by a school within 120 days of the disbursement date. However, if a school returned the funds more than 120 days after the disbursement date, a borrower was not charged loan fees and interest only if the school "should have" returned the funds within 120 days of disbursement because of an action that occurred within that 120-day period (for example, if the student had withdrawn or dropped below half-time status within 120 days of the disbursement date).

The November 28, 1997 regulations did not change the 120-day provision that applies when a borrower returns loan funds. A borrower must still return loan funds within 120 days of disbursement in order to avoid incurring loan fees and interest charges on the portion of the loan that is returned.

For a more detailed discussion of this regulatory change, please see pages 63429-63430 of the preamble to the November 28, 1997 Final Rule. You may obtain this document by going to the Department's Information for Financial Aid Professionals web site, ifap.ed.gov. Click on "Bookshelf," then "Federal Registers" and "By 1997 Publication Year".

How does this change affect schools?

When you are returning all or a portion of a borrower's Direct Loan Program loan in order to comply with a regulatory or statutory requirement, it no longer matters whether more than 120 days have elapsed since the date of disbursement. In all such cases, you make the appropriate downward adjustment to the borrower's loan record(s) and follow the same procedures that apply for returning excess cash. If you need to make an adjustment or cancellation for a "closed" year (for example, 1995-96 or 1996-97), please contact the Direct Loan Program Operations Team at 202-205-6466.

- Example:

More than 120 days after you disbursed a loan, you must return a portion of the loan in order to comply with 34 CFR 668.22 (the regulations that govern the return of Title IV funds when a student withdraws). You adjust the borrower's loan record downward by the appropriate amount and return the funds. The borrower is not charged loan fees or interest on the portion of the loan that you return.

DLB 99 - 74, Continued

Now that the regulations have changed, does the 120-day provision ever apply when a school is returning Direct Loan funds?

Yes. The 120-day rule still applies when you are returning funds for reasons other than to comply with a regulatory or statutory requirement, such as when you are assisting a borrower in returning all or a portion of a loan because the borrower has determined that he or she does not need the funds. In this situation, the following rules apply:

- If you are returning loan funds at the borrower's request within 120 days of disbursement, follow the procedures for returning funds in order to comply with a regulatory or statutory requirement (see above).
- If you are returning funds at the borrower's request more than 120 days after disbursement, send a check to the Direct Loan Payment Center as a payment on the borrower's account. Do not make any adjustments to the borrower's loan record(s).

Examples:

- A borrower determines that he does not need the full amount of a disbursement and returns a portion of the loan funds to your school 30 days after the disbursement date. You make the appropriate downward adjustment to the loan record and return the funds. The borrower is not charged loan fees or interest on the portion of the loan that you return.
- A borrower determines that she does not need the full amount of a disbursement and asks you to return a portion of the loan 130 days after the disbursement date. You return the funds by check to the Direct Loan Payment Center. You do not make a downward adjustment to the borrower's loan record. The returned funds will be applied to the borrower's account, and the borrower will be charged loan fees and interest on the entire loan amount.

Where can schools find additional guidance on the correct procedures for returning Direct Loan funds?

We have attached a revised "Excess Cash/Borrower Payment Transmittal" form that reflects the change made by the November 28, 1997 regulations and provides detailed instructions for:

- returning excess cash,
- returning loan funds in order to comply with regulatory/statutory requirements,
- returning loan funds at a borrower's request within 120 days of disbursement, and
- returning loan funds at a borrower's request more than 120 days after disbursement.

You may use this form when you return funds (for any of the above reasons) by check. The form also provides information on returning funds by electronic funds transfer (ACH/FEDWIRE).

We hope you find the information in this Bulletin helpful. Thank you for your ongoing partnership in the Direct Loan Program.

Sincerely,

Margaret E. White
Acting Lead, Title IV Delivery
Schools Channel

Attachment

Enclosure A

DLB 99 - 74 Enclosure A: The original enclosure was revised April 2000 as an attachment to DLB 00-19. The revised document has been substituted in place of the original enclosure.

Direct Loans
William D. Ford Federal Direct Loan Program

Excess Cash/Borrower Payment Transmittal

Section I: If you are returning Direct Loan money, because	**Instructions:**
1. you drew down more money than you could disburse within 3 business days.	**If you are returning money for program years 94/95, 95/96, 96/97, or 97/98, please call the Direct Loan Operations Team at 202-205-6466 for directions.** If you are returning money for all other program years, complete the following steps: A: Process the extra money as excess cash. You must return excess cash by check or electronic funds transfer (ACH/FEDWIRE). If you are returning $100,000 or more, you must return the money by FEDWIRE. B: If you are returning excess cash by: (1) Check (a) Make checks payable to the U.S. Department of Education. (b) Complete Section II, A and C on page 2 of this form. Complete one form for each excess cash transaction. (2) ACH or FEDWIRE – Return the money to Wachovia Bank, NA, Atlanta, GA Routing Number: 061000010 Account Number: 13028525 In the beneficiary section of the wire, include Direct Loan School Code, Program Year (PY), and the words "Excess Cash". Ex: G00000, PY 99/00, Excess Cash.
2. you are making a downward adjustment on a borrower's loan • due to a borrower returning loan money 120 days or less after the disbursement date. **OR** • to comply with Title IV regulations.	For Program Years 94/95, 95/96, 96/97, or 97/98, see instructions above for #1 above. For other Program Years, complete the following steps: A: If the Program Year is still open, make an electronic downward adjustment to the borrower's loan record(s) **AND** B: (1) Process the money as excess cash following the instructions for #1 above. **OR** (2) If your school's loan origination level is Option 2 (Level 1), you may return the money to your Title IV account if you anticipate that you will be able to disburse it to another borrower. However, the money must be either disbursed or returned to the Department within 7 calendar days.
3. a borrower returned loan money more than 120 days after the date of disbursement.	For all program years, complete the following steps: A: Process the money as a payment on the borrower's loan. **Don't** make any electronic adjustments to the borrower's loan record(s). B: Make checks payable to the U.S. Department of Education. C: Complete Section II, B and C on page 2 of this form.

IF YOU HAVE ANY QUESTIONS, PLEASE CALL THE LOAN ORIGINATION CENTER, SCHOOL RELATIONS AT 1-800-848-0978 OR YOUR REGIONAL CLIENT ACCOUNT MANAGER.

BEST COPY AVAILABLE

DLB 99 - 74 Enclosure A: The original enclosure was revised April 2000 as part of DLB 00-19. The revised document has been substituted in place of the original enclosure to DLB 99-74.

Direct Loans
William D. Ford Federal Direct Loan Program

Excess Cash/Borrower Payment Transmittal

Section II:
A: EXCESS CASH

1: Place a check mark next to the Program Year for which money is being remitted (returned):

______ 98/99 = Year 5
______ 99/00 = Year 6
______ 00/01 = Year 7
______ 01/02 = Year 8

2: Complete C below.

B: PAYMENT to Borrower's Account:

If the money is being applied to only one loan, complete 1, 2 & 3 below.

If the money is being applied to multiple borrowers or loans (i.e., subsidized and unsubsidized), attach a listing indicating the borrower's name, loan ID, and payment amount. Then complete C below.

1: What is the Borrower's Name? ______________________
2.: What is the Loan ID? ______________________
3: Complete C below.

C: Basic information

School Name: ______________________
Direct Loan School Code (G or E): ______________________
Date Check Mailed: ____________ **Check #:** ____________ **Amount:** ____________
School Contact's Name: ______________________
School Contact's Phone Number: (   ) ______________________

I certify that the information provided above is true and accurate. If Section II. A. is completed, I am returning funds to comply with Title IV requirements.

School Contact's Signature: ______________________

If you are returning excess cash, mail the check and form to:

U S Department of Education
Loan Origination Center
Attn: Excess Cash
P.O. Box 2011
Montgomery, Alabama 36102-2011

If you making a payment to the borrower's account, mail the check and form to:

U S Department of Education
Direct Loan Payment Center
P.O. Box 746000
Atlanta, Georgia 30374-6000

Direct Loan Bulletin

April 2000

DLB 00-16

Subject: Direct Loan Origination Web Site

Dear Partner:

We are pleased to announce the implementation of the new Direct Loan origination web site on April 3, 2000. The site is designed to help you monitor origination and disbursement records transmitted to the Loan Origination Center (LOC).

Web Site Features

You may visit the site at https://lo-online.ed.gov. There you will find a variety of information, including:

- System Overview that gives general information about the web site
- Glossary of Terms developed to assist in communication between you and the LOC
- Frequently Asked Questions (FAQ)
- Contact Us option used to share feedback on the web site and for technical assistance
- Announcement/ Press Releases
- The Other Links section containing hyperlinks to other Department of Education web sites

Registration Procedures

To access data about the status of batches, or information on borrowers and loans, you must register. To do so go to the FAQ section where the registration process is explained. The School's Financial Aid Officer (SFAO) will provide his/her Customer Service Representative (CSR) with a completed registration form obtained from the web site. We will do the registrations as quickly as possible. The CSR will register the SFAO and will notify him/her of his/her login ID and password. We expect minor delays in the first few weeks, as many people will be trying to register at the same time.

After the SFAO is registered, s/he has the capability to add other users at that school to the site. Users are granted access based on roles within the site. A SFAO can add an Assistant Financial Aid Officer (AFAO), an Assistant Financial Aid Officer with Credit Check capability (CAFAO), or another SFAO. On-line help is available to explain each role. Since your school will be solely responsible for the use of the site by your school, you need to understand each role. We suggest limiting the number of SFAO and CAFAO users who can request a credit decision on a potential borrower.

After you are registered, you will be able to view information about batches processed by the Loan Origination System (LOS), information pertaining to a borrower, and details on a specific loan. The information you view is only information provided by your school. You will not be able to view borrower information from another school (Example: a student is enrolled at your school and is also enrolled at another Direct Loan school. You will not be able to see the information on that student from the other school).

DLB 00 - 16, Continued

Credit Check Capability for PLUS Loans

The SFAO and CAFAO roles will have the capability to request a credit decision on a potential PLUS borrower. In order to request a credit decision, you need to obtain the borrower's permission. We have provided a PDF file within the credit decision request option that can be completed and signed by the borrower. You may accept a faxed copy of this document. We have also provided a link to the Federal Trade Commission's web site, which explains the Fair Credit Reporting Act. You will be acting as an agent for the U.S. Department of Education, so you need to comply with the Fair Credit Reporting Act.

Once you have requested a credit decision, you will receive an accepted, denied, pending, or incomplete response. The borrower will be sent a letter explaining the decision. Based on the response you receive, you may continue the process of issuing the PLUS loan through the batch process, or not proceed with the loan. You may issue additional unsubsidized monies to the student based on a denied decision. You will need to print the screen with the response, so you will have the decision for your records.

If you have comments or suggestions concerning the web site or need technical assistance, please use the Contact Us feature on the home page or the Feedback feature within the system. You can also contact your CSR at the LOC.

Thank you for your ongoing partnership in the Direct Loan Program.

Sincerely,

Margaret E. White
Acting Lead, Title IV Delivery
Schools Channel

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Monthly Direct Loan Reconciliation

When an institution initially signs up to participate in the Direct Loan Program, it must decide the "as-of-date" each month that the institution will use to reconcile loan records with the Direct Loan Origination Center (LOC). Reconciliation must be performed each month using the same "as-of-date." In the Direct Loan Program, there are two types of transactions to be reconciled:

- cash transactions and
- loan transactions that affect cash.

With cash transactions, the institution must reconcile cash drawdowns and returns of excess cash with the LOC. The reconciliation requires that the institution's financial accounting system and other systems, such as the student account receivable system, financial aid system, and the Direct Loan system, all be reconciled.

Loan transactions that have affected cash disbursements and adjustments are also matched with the LOC. The loan transaction process is actually a data-verifying and editing process, primarily between the school's Direct Loan system and LOC records. This process matches disbursements and adjustments to the LOC files.

The institution receives a monthly report, the Direct Loan School Account Statement (DLSAS), from the LOC indicating which loans are reconciled and which loans are not reconciled. The report provides error messages indicating the reason the loan records are not reconciled. To be reconciled, a loan must be "booked." That is, the Direct Loan Servicing Center (DLSC) must have received and accepted a loan origination record; the borrower must have signed a promissory note, and the LOC must have accepted the promissory note; and a first disbursement record must have been transmitted and accepted by the LOC). If a loan is not booked, it will not reconcile. Normally, unreconciled items result from timing errors, such as a batch of loan data that was not included in a month-end close or a batch of loan data that was shipped to the DLSC at the end of the month and rejected. The institution's reports from the Direct Loan software and DLSC reports are used to compare the data in the two systems.

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6.2 William D. Ford Federal Direct Loan Program Reporting

Schools participating in the William D. Ford Federal Direct Loan Program (Direct Loan Program) perform a number of reporting functions for the program. Because Direct Loans are disbursed directly to students through their schools, schools must report disbursements and other information on a regular basis. Schools must also report the enrollment status of Direct Loan student borrowers using the Student Status Confirmation Report (SSCR). SSCR will be discussed in detail in the section on the National Student Loan Data System (NSLDS).

Direct Loan schools send electronic reports and other communications directly to the Direct Loan Origination Center (LOC).

With the exception of promissory notes and Direct PLUS Loan combined applications/promissory notes (both of which are paper documents), all reports transmitted by schools are electronically formatted records. Many schools participating in the Direct Loan Program use PC-based EDExpress software to administer the program; others operate on a "mainframe-to-mainframe" basis with the LOC.

Up to the point that Direct Loans are disbursed, most of a school's communication with the LOC may be handled by the school's financial aid office. Reporting functions, such as monthly reconciliation and exit counseling reporting, occur after loan disbursement and may be handled by a school office other than the financial aid office, such as the business office.

Reference:

- *Direct Loan School Guide*
- DLB-97-49

Monthly Reconciliation

Schools participating in the Direct Loan Program must reconcile funds on a monthly basis. The reconciliation process involves comparing the school's internal records with the cash balance on the school's monthly Direct Loan School Account Statement (DLSAS). The DLSAS calculates a school's cash balance by adding and subtracting the following cash records:

- drawdowns (also called cash receipts or advances),
- returns of excess cash,
- disbursements to borrowers, and
- adjustments to disbursements.

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The LOC is responsible for initiating the reconciliation process with the school by transmitting the DLSAS electronic file to schools on a monthly basis. However, it is the school's responsibility to review the DLSAS on a monthly basis and resolve any discrepancies with the LOC as quickly as possible.

In effect, the school is responsible for reconciling. Any items not reconciled with the LOC and DLSAS by the end of the following month will be included on the subsequent DLSAS for further attempts at reconciliation.

There may be items that are not reconciled before the next month's reconciliation begins. These unreconciled items will be included in the next reconciliation, and all of these items should reconcile in the next month's reconciliation. This is similar to a bank statement in that most records will reconcile, but because of timing differences or rejections, not everything is reconciled the first time.

The DLSAS file that the LOC creates and exports to schools contains three files:

- the cash summary record,
- the cash detail record, and
- the loan detail record.

Cash Summary Record

The cash summary for each month begins with the ending cash balance from the previous month. At the beginning of each academic year, the beginning cash balance should be zero.

The cash summary summarizes:

- drawdowns for the month,
- excess cash received by the LOC for the month,
- all disbursements acknowledged and booked for the month,
- disbursements and adjustments,
- booked loans, *and*
- accepted disbursements for unbooked loans.

A loan is "booked" when

- the LOC has received and accepted a loan origination record;

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- the LOC has accepted a signed promissory note from the borrower; *and*
- the disbursement record has been transmitted to and accepted by the LOC.

Cash Detail Record

The cash detail record provides a detailed listing of all drawdowns and excess cash by transaction. Information in the cash detail section should be compared with the school's internal records and bank statements. This information is obtained from GAPS for drawdowns and from the LOC for excess cash returned.

Loan Detail Record

The loan detail record is optional. For schools that choose to receive a loan detail record, the DLSAS file includes booked disbursement transactions acknowledged during the month.

Schools that do not want a loan detail record as part of the DLSAS file must contact their LOC customer service representative to have the record omitted. However, a school can request a loan detail record for a specific month even if it does not want a loan detail record included regularly within its DLSAS file.

After receiving a DLSAS from the LOC, schools are required to review and compare the monthly DLSAS to their internal records to ensure the accuracy of the data on both the school's system and the LOC's system. Schools must reconcile the ending cash balance reflected in the monthly DLSAS cash summary with the cash balance reflected in schools' internal records.

If there are unreconciled records, the school must review each unreconciled record and, with the help of the LOC and/or their Direct Loan Client Account Manager (CAM), determine why it did not reconcile. The next section provides guidance in reconciling records.

Some common reasons that loan detail records fail to reconcile are:

- the loan was never "booked," meaning that the LOC did not receive or reject one or more of the following—the promissory note, the origination record, or the disbursement record, *or*
- the disbursement record or adjustment record was never sent to the LOC.

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Reasons for cash detail records failing to reconcile are missing or mismatched cash receipts or excess cash records from either the school or LOC.

After the school has corrected the rejected records, the school should transmit another (corrected) reconciliation file for the same reconciliation period to the LOC. The LOC repeats the process of comparing the school's records with its records. This process continues until all records are reconciled.

Tools to Help With Reconciliation

If a school is having problems reconciling records, it can use:

- school system reports,
- the loan detail exception file (#L Batch) data compare option, and
- the Compare Program.

School System Reports

There are five school systems reports that can be used to help schools reconcile:

1. booked status report
2. cash management report
3. loans with an origination not in accepted ("A") status
4. loans with a promissory note not in "A" status
5. loans with a disbursement not in "A" status

Loan Detail Exception File

The loan detail exception file (#L Batch) data compare option exports loan data from the school's system. The data exported to the LOC are booked data for a specified month and cumulative unbooked data. The LOC returns a side-by-side comparison report that compares the LOC data with the school data line by line.

The Compare Program

Direct Loan Client Account Managers (CAMs) help schools with reconciliation using the Compare Program. The Compare Program

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electronically compares a school's 732-LOS Detail Report (732) against its EDExpress database. The Compare Program shows if a school has:

- unbooked loans on the 732,
- loan records on the school's system but no corresponding record on the 732,
- loan records on the 732 but no corresponding records on the school's system,
- corresponding loan records but net disbursement amounts that don't match, and
- any cash records that can't match because of different amounts, missing records, or dates outside a tolerance window.

Schools with questions about reconciliation can call the LOC's Direct Loan Customer Services at 1-800-848-0978 for assistance.

Exit Counseling Reporting

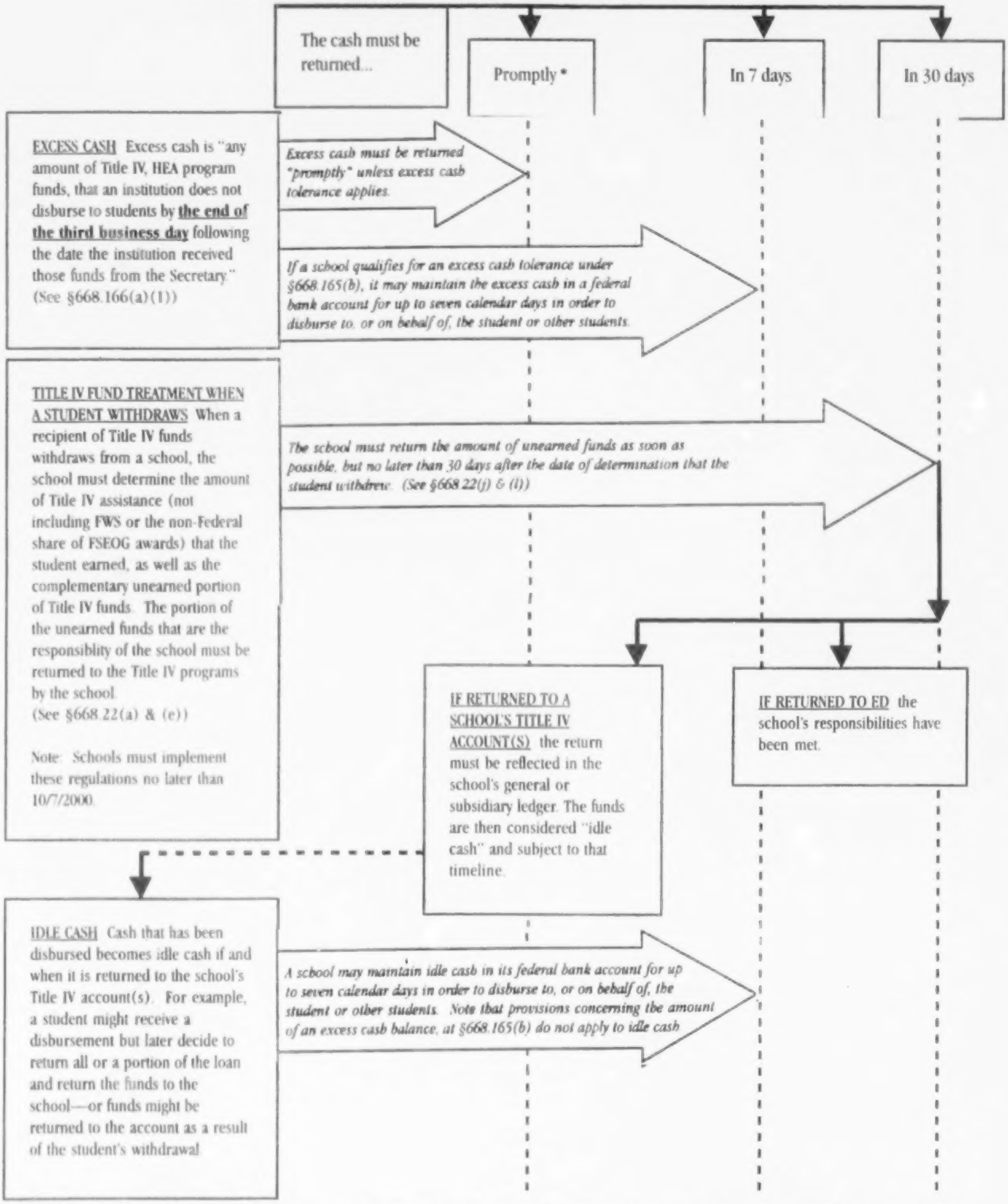
During exit counseling, Direct Loan borrowers who withdraw, graduate, or drop below half-time enrollment are required to update information in a school's records concerning:

- name,
- address,
- Social Security number,
- references,
- driver's license number and state of issuance (if the borrower has a license), and
- name and address of expected employer (if known).

ED has advised schools to retain the information in their files for future use in the event that they need to find borrowers who are late with payments or who default.

Cash Return Timelines—Chart II

(Note that guidance below generally applies to Pell, Direct Loan, FSEOG, Perkins, and FWS funds. FFEL timelines for disbursing funds are slightly different, and are described at §668.167.)



EXCESS CASH Excess cash is "any amount of Title IV, HEA program funds, that an institution does not disburse to students by **the end of the third business day** following the date the institution received those funds from the Secretary." (See §668.166(a)(1))

Excess cash must be returned "promptly" unless excess cash tolerance applies.

If a school qualifies for an excess cash tolerance under §668.165(b), it may maintain the excess cash in a federal bank account for up to seven calendar days in order to disburse to, or on behalf of, the student or other students.

TITLE IV FUND TREATMENT WHEN A STUDENT WITHDRAWS When a recipient of Title IV funds withdraws from a school, the school must determine the amount of Title IV assistance (not including FWS or the non-Federal share of FSEOG awards) that the student earned, as well as the complementary unearned portion of Title IV funds. The portion of the unearned funds that are the responsiblity of the school must be returned to the Title IV programs by the school.
(See §668.22(a) & (e))

Note: Schools must implement these regulations no later than 10/7/2000.

The school must return the amount of unearned funds as soon as possible, but no later than 30 days after the date of determination that the student withdrew. (See §668.22(j) & (l))

IF RETURNED TO A SCHOOL'S TITLE IV ACCOUNT(S) the return must be reflected in the school's general or subsidiary ledger. The funds are then considered "idle cash" and subject to that timeline.

IF RETURNED TO ED the school's responsibilities have been met.

IDLE CASH Cash that has been disbursed becomes idle cash if and when it is returned to the school's Title IV account(s). For example, a student might receive a disbursement but later decide to return all or a portion of the loan and return the funds to the school—or funds might be returned to the account as a result of the student's withdrawal.

A school may maintain idle cash in its federal bank account for up to seven calendar days in order to disburse to, or on behalf of, the student or other students. Note that provisions concerning the amount of an excess cash balance, at §668.165(b) do not apply to idle cash.

* A "prompt" return of excess cash is a return that is made in a timely manner. The timetable for returning cash "promptly" may vary slightly from school to school, but a school is generally expected to return the excess cash within two or three days.

EXCERPT FROM 34 CFR 668.166
EXCESS CASH REGULATIONS

(b) Excess cash tolerances.

(1) If an institution draws down title IV, HEA program funds in excess of its immediate cash needs, the institution may maintain the excess cash balance in the account the institution established under Sec. 668.164 only if—

(i) In the award year preceding that drawdown, the amount of that excess cash balance is less than—

(A) For a period of peak enrollment at the institution during which that drawdown occurs, three percent of its total prior-year drawdowns; or

(B) For any other period, one percent of its total prior-year drawdowns; and

(ii) Within the next seven days, the institution eliminates its excess cash balance by disbursing title IV, HEA program funds to students or parents for at least the amount of that balance.

(2) For the purposes of this section, a period of peak enrollment at an institution occurs when at least 25 percent of the institution's students start classes during a given 30-day period. For any award year, an institution calculates the percentage of students who started classes during a given 30-day period by—

(i) For the prior award year in which the 30-day period began, determining the number of students who started classes during that period;

(ii) Determining the total number of students who started classes during the entire award year used in paragraph (b)(2)(i) of this section;

(iii) Dividing the number of students in paragraph (b)(2)(i) of this section by the number of students in paragraph (b)(2)(ii) of this section; and

(iv) Multiplying the result obtained in paragraph (b)(2)(iii) of this section by 100.

(3) For the purpose of determining the total amount of title IV, HEA program funds under paragraph (b)(1)(i) of this section, an institution that participates in the Direct Loan Program may include, for the latest year for which the Secretary has complete data, the total amount of loans guaranteed under the FFEL Program for students attending the institution during that year.

IDLE CASH SCENARIOS (For answers, see Appendix D)

Sheila receives a loan disbursement but decides to return a portion of the disbursement three months later because she doesn't need it. What does the school do with this idle cash?

Scenario 1: The school leaves the funds in its Title IV account and does not send them as a prepayment to the Direct Loan Servicing Center (note: this is the recommended course of action).

Question 1. Should the school adjust the disbursement **downward** on the school's Direct Loan System? ____

Question 2. Should the school send idle funds to the **LOC** within 7 days?

A. Option 1/Standard schools: ____

B. Option 2 schools: ____

Scenario 2: The school sends a check with borrower information to the Direct Loan Servicing Center as a prepayment on Sheila's loan (note: being disadvantageous to the student, this course of action is not recommended).

Question 1. Should the school adjust the loan record in the school's Direct Loan System? ____

Question 2. Should the school send money to the LOC? ____

CREDIT OF LOAN FEE: THE 120-DAY RULE

Credit of loan fee is given if—

School returns proceeds	Within 120 days of disbursement	***Always***
	More than 120 days after disbursement	***Only if complying with regulations/HEA***

Borrower returns proceeds	Within 120 days of disbursement	Not in repayment	***Always, unless written instructions otherwise***
		In repayment	***Only if written instructions***
	More than 120 days after disbursement	***No refund allowed***	

120-DAY RULE SCENARIOS (For answers, see Appendix D)

***Scenario 1A:* Carlos receives a loan disbursement but decides to return a portion of the disbursement to the school within 120 days of disbursement because he doesn't need it.**

Question 1. Should the school adjust the loan in its Direct Loan System? ____

Question 2. Should the school send unused funds to the LOC? ____

Question 3. Is the student charged interest and origination fees? ____

***Scenario 1B:* Linda receives a loan disbursement but decides to return a portion of the disbursement to the school more than 120 days after disbursement because she doesn't need it.**

Question 1. Should the school adjust the loan in its Direct Loan System? ____

Question 2. Should the school send unused funds to the LOC? ____

Question 3. Is the student charged interest and origination fees? ____

***Scenario 2:* The school calculates a return of Title IV funds for Daryl. More than 120 days have passed since the loan was disbursed to him.**

Question 1. Should the school adjust the loan in its Direct Loan System? ____

Question 2. Should the school send unused funds to the LOC? ____

Question 3. Is the student charged interest and origination fees? ____

BEST PRACTICES:
DURING THE PROCESSING MONTH

ORGANIZE - FINISH WHAT YOU START

- ◆ Make sure that all electronic records (and paper notes) have been sent to the LOC, and that corresponding acknowledgements have been received and imported. Check EDConnect for files sent and received. You should identify all rejected transactions as they occur. Some schools find it helpful to run or use reports to identify their rejects (see list below).
- ◆ Consider managing timing issues so that you finish what you have started within that processing month.
- ◆ Check origination, prom notes, and disbursements for records not in an "A" status.
- ◆ Keep track of unfinished business with your transmission log, production schedule, or in other resources your school may have available.
- ◆ Useful Reports:

30 DAY WARNING REPORT

- ☐ Identifies unbooked loans – the origination record, promissory note, and/or 1st disbursement is missing.
- ☐ Does not show 2nd or subsequent disbursements.
- ☐ Does not show adjustments.
- ☐ Inactive loans are not included (the LOC provides an inactive loan report).

BOOKED STATUS REPORT

May be designed to:

- ☐ Identify the status of origination, promissory note, and disbursements for each borrower transaction.
- ☐ Allow schools to identify transactions that have not been completely processed.

ORIGINATION STATUS REPORT

May be designed to:

- ☐ Identify any loan origination records that are not in an "A" (accepted) status so a school can resolve any issues and resubmit the origination record to the LOC.
- ☐ Identify any PLUS Loans with credit problems.
- ☐ Compare against internal records.

PROMISSORY NOTE STATUS REPORT

May be designed to:

- ☐ Identify the status of promissory notes. For example:
    - ✓ Identify any promissory notes that are in a "P" (printed) status but not signed. This could indicate that you have not received a signed promissory note from the borrower or that the record has not been updated to a signed status.
    - ✓ Identify records that have not been manifested but are in an "S" (signed) status. If there is no date in the manifest date field, then the record needs to be manifested and sent to the LOC.
    - ✓ Identify records that are in an "S" (signed) status and manifested but not acknowledged. The school will want to verify that the acknowledgement was pulled into their software to update records.

BEST PRACTICES:
DURING THE PROCESSING MONTH (cont'd)

PENDING DISBURSEMENT REPORT

May be designed to:

- ☐ Identify any anticipated disbursements with no corresponding actual disbursements.
- ☐ Determine funding needs.
- ☐ Identify unrecorded disbursements.

ACTUAL DISBURSEMENTS – BOOKED AND UNBOOKED REPORT

May be designed to:

- ☐ Identify any actual disbursements that are unbooked.

Schools will want to quickly identify why the disbursement has not booked. There are three possibilities – the disbursement has been rejected, the promissory note is missing or rejected from the LOC, or the school has not imported the disbursement acknowledgement.

LOAN STATUS REPORT

May be designed to:

- ☐ Identify the origination, disbursement, and p-note status of all loan transactions.

This is an excellent way to examine and identify any and all transactions that are outstanding on a macro level.

SCHOOL/LOC LOAN TOTALS REPORT

May be designed to:

- ☐ Identify disbursements that are in the DL System but which have not been acknowledged by the LOC. The school should examine the disbursement status along with the LOC Loan Total field.
- ☐ Identify disbursements that have not been sent, have not been acknowledged, or are rejected.

MONITOR YOUR CASH FLOW

- Reconcile all cash receipts and excess cash transactions with your internal records.
- Evaluate whether funds you are returning are excess cash or prepayments to a borrower's account and then send them to the correct address.
- If you sent unused funds, make sure that the check was cashed, and check to make sure that any corresponding adjustments were made to a student's record.
- Request a list of all cash receipts and excess cash from your CSR at the LOC. You can compare this against your internal records.
- Make sure that cash receipts and unused funds are posted to the correct academic year.
- Use the monthly cash detail provided in the DLSAS to compare against your internal records.
- Ensure that all Direct Loan funds requested are either disbursed or returned to the Department.
- Useful Reports:

BEST PRACTICES:
DURING THE PROCESSING MONTH (cont'd)

CASH BALANCE REPORT

May be designed to:

- ☐ Identify on a summary level how much DL money has been received at your school and how much has been credited to student accounts.

This is an excellent report to identify, at any given point, a school's cash balance. This would also be useful to compare against the monthly DLSAS report.

PERFORM INTERNAL RECONCILIATION: ENSURE THAT THE BUSINESS OFFICE RECORDS MATCH YOUR DIRECT LOAN SYSTEM RECORDS

- Improve automation between Financial Aid and Business Office Systems.
- Form reconciliation and DL processing teams and conduct regular meetings.
- Compare the Financial Aid and Business Office Systems based on totals and/or student detail.
- Develop procedures and schedule for internal reconciliation and assign responsibilities.
- Useful Reports:

DISBURSEMENT COMPARISON REPORT

May be designed to:

- ☐ Identify transactions in a school's Business Office System with transactions in the school's Direct Loan System.

This report is critical to identifying outstanding disbursements missing from either system.

BEST PRACTICES:
RECONCILIATION AND CLOSEOUT

KNOW WHERE TO START: THE DIRECT LOAN SCHOOL ACCOUNT STATEMENT (DLSAS) CASH SUMMARY

- Review the summary data for cash receipts, excess cash, and disbursements and compare these numbers to your school records. If you have separate Business Office and Financial Aid Office records, make sure you do a three-way compare of this data.
- Make note of any discrepancies between your totals and the DLSAS Cash Summary. This should narrow the field for the detail analysis to those areas in which you have identified discrepancies.
- Keep in mind that each system may account for cash receipts, excess cash, and disbursement transactions in a slightly different way. You will need to take this into account when conducting your comparison of the three systems.

KNOW WHERE TO GO NEXT: THE DLSAS CASH AND/OR LOAN DETAIL

- Concentrate on areas where you found discrepancies in your summary totals.
- Use all available tools at your disposal, such as:
  - ☐ Bank statements and canceled checks
  - ☐ Business Office Ledgers
  - ☐ Student files
  - ☐ Financial Aid and Business Office Reports
  - ☐ Multiple years' DLSAS reports (this can help you identify issues that cross award years)
- Keep in mind that there may be a variety of reasons for any discrepancy. The following list includes some of the most common reasons for a discrepancy to occur, but you may want to come up with some of your own:
  - ☐ Cash Detail Issues:
    - ✓ Timing of drawdowns (i.e. -drawdown occurs at end of month, do not disburse until next month).
    - ✓ Drawdowns allocated to the wrong year (i.e.-school drew down funds in 98-99, but disbursed in 99-00).
    - ✓ Drawdowns split between award years (i.e.-school drew down lump sum amount, but disbursed across two different award years).
    - ✓ Excess cash sent back in the wrong year or used for a student in a different award year.
    - ✓ Excess cash returned that should have been a payment.
    - ✓ Payment sent that should have been excess cash.
  - ☐ Loan Detail Issues:
    - ✓ Timing of booked loans (i.e.-loan is disbursed at end of month, but the p-note does not arrive at the LOC until the following month).
    - ✓ Unsent/unacknowledged disbursement batches.
    - ✓ Disbursements recorded in your Business Office System but not in your Direct Loan System.
    - ✓ Unbooked records.
    - ✓ School data loss.

BEST PRACTICES: RECONCILIATION AND CLOSEOUT (cont'd)

KNOW WHERE TO FINISH: MONTHLY VS. YEARLY ENDING CASH BALANCES

- You will know if you have completed your monthly reconciliation if:
  - ☐ All differences between the DLSAS and your internal records have been documented.
  - ☐ Timing issues have been identified and will be tracked for reconciliation in the next month's DLSAS.
  - ☐ Any corrective actions have been taken to ensure that all prior month issues will reconcile in the following month.
  - ☐ All reconciliation efforts have been documented for future reference and reviews.
- You will know if you have completed your yearly closeout process if:
  - ☐ You have completed your reconciliation process as outlined above;
  - ☐ All LOC transactions should match up to all school Direct Loan System transactions and Business Office System transactions;
  - ☐ Your ending cash balance on your DLSAS, your 732LOS report, and your internal school records are all equal to zero; and
  - ☐ All actual disbursement records should be booked at the LOC, so that the DLSAS and 732LOS reflect a zero unbooked balance.
- Keep in mind that if you have been reconciling monthly, you should be ready to close out at the end of your processing year. Make sure that all issues have been resolved, and that your balance is at zero in all systems (business office, Direct Loan, LOC).
- Useful tools and resources for closing out a program year:
  - ☐ DLSAS Reports for all open Program Years.
  - ☐ 732LOS Report.
  - ☐ Compare Program (available from your CAM for EDExpress and mainframe schools, or you can create your own).
  - ☐ Cash Receipts and Excess Cash Reports from the LOC (available from your CSR or CAM).
  - ☐ Internal disbursement and booked loan reports, run at the loan and disbursement level.
  - ☐ Internal cash reports, summary and detail.
  - ☐ Loan Detail Exception Reports (Export Message Class: DERC00IN) can be run for booked loans for a single month, or unbooked loans for year to date.
  - ☐ Written Procedures for Reconciliation and Closeout.
  - ☐ Format for documenting any issues and their resolutions (spreadsheet, action item list, other).
  - ☐ Historical documentation of your monthly reconciliation process and any issues identified and resolved.
  - ☐ Contact your CAM or your CSR for assistance.

APPENDIX

C

REPORTS AND LOGS

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Blank Production Schedule

Time	Monday	Tuesday	Wednesday	Thursday	Friday

DIRECT LOAN PROCESSING LOG

Direct Loan System			EDConnect				DL System		
Batch ID#	Export File Name (Message Class) (Date)	Batch Size	File Sent P (Initials)	Date	Received File Name (Message Class) (Date)	Date	Batch Size	File Imported P (Initials)	Date
#D1G9123420000901090158	DESF01IN.DAT 9/1/00	12	AAC	9/2/00	DISF01OP.DAT 9/5/00	9/6/00	12	AAC	9/6/00

Action Item List for Program Year Closeout

Action Item	*Action Date*	*Responsible Office*	*Completed?*

2000-2001 DIRECT LOAN REPORTS

SCHOOL GENERATED REPORTS

The following pages contain reports that are *school generated.* The examples illustrate reports that could be developed in any type of system or run in EDExpress.

Loan Origination List

May be designed to:

- Identify any loan origination records that are not in an "A" (accepted) status so a school can resolve any issues and resubmit the origination record to the LOC.
- Compare against internal records.

The loans list (see next page) provides the user with information regarding the loan records on the system, including the loan ID, borrower's name, type of loan, loan amount approved, loan amount requested, loan origination status, and loan origination date.

```
Report Date: 03/23/2000       U.S. DEPARTMENT OF EDUCATION                        PAGE:  1
Report Time:      13:02:46  2000-2001 Federal Direct Loan Program
                                        List Loans
                                      (ALL RECORDS)                            Sort: SSN
           THIS DOCUMENT CONTAINS SENSITIVE INFORMATION PROTECTED BY THE PRIVACY ACT
*****************************************************************************************

Borrower's Name                      Current  SSN
Student's Name                       Loan     Grd        Loan Amount       Loan/Cred      Orig
LOANID                               Type     Lvl       Approved/Req         Status       Date
LOR BATCH ID
----------------------------         -----------     ----------------    ---------   ----------
JONES, JIMBO                         111-11-1111
111111111S01G03414001                 S         1    $ 2,625   $ 2,625      B          03/23/2000
    #D1G03414200000323125525
Subtotal                                             $ 2,625   $ 2,625

VAN HOUTEN, MILHOUSE                 222-22-2222
222222222S01G03414001                 S         3    $ 3,500 $ 3,500        B          03/23/2000
    #D1G03414200000323125525

VAN HOUTEN, MILHOUSE                 222-22-2222
222222222S01G03414001                 U         3    $ 4,000 $ 4,000        B          03/23/2000
    #D1G03414200000323125525
Subtotal                                             $ 7,500 $ 7,500

MUNTZ, NELSON /                      333-33-3333
333333333S01G03414001                 S         4    $ 5,500 $ 5,500        B          03/23/2000
    #D1G03414200000323125525
Subtotal                                             $ 5,500 $ 5,500

WIGGUM, CLANCY                       444-44-4444
WIGGUM, RALPH
444444444P01G03414001                 P         3    $ 7,000   $ 7,000      B          03/23/2000
    PF1G03414200000323125546

WIGGUM, RALPH
444444444P01G03414001                 S         3    $ 3,500   $ 3,500      B          03/23/2000
    PF1G03414200000323125525
Subtotal                                             $10,500   $10,500

BURNS, MONTY C.                      555-55-5555
555555555U01G03414001                 U         5    $ 5,500   $ 5,500      R          03/23/2000
    #D1G03414200000323125525
Subtotal                                             $ 5,500   $ 5,500

Totals

Staff. Sub. Loans/Borrowers                          4                  4
Staff. Unsub. Loans/Borrowers                        4                  4
PLUS Loans/Borrowers                                 1                  1
Staff. Sub. Amount Approved/Req.                     $15,125            $15,125
Staff. Unsub. Amnount Approved/Req.                  $ 9,500            $ 9,500
PLUS Amount Approved/Req.                            $ 7,000            $ 7,000

                         *   May exceed Annual Stafford Loan Limits
                         ---------------------------------------
```

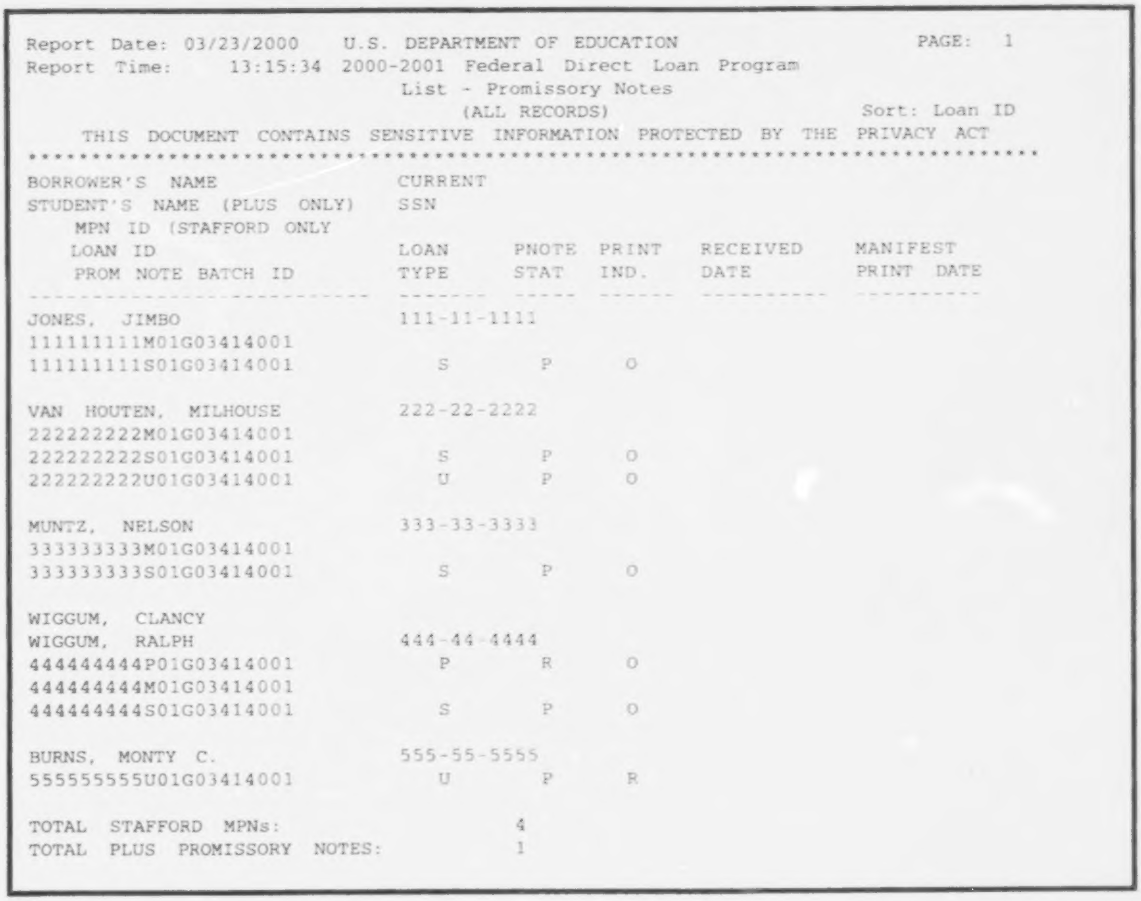
*This report is called **List - Loans** in EDExpress 2000-01.*

Promissory Note List

May be designed to:

- Identify the status of your promissory notes. For example:
    - Identify any promissory note records that are in a "P" (printed) status but not signed. This could indicate that you have not received a signed promissory note from the borrower or that the record has not been updated to a signed status.
    - Identify records that have not been manifested and are in an "S" (signed) status. These records need to be manifested and sent to the LOC.
    - Identify records that are in an "M" (manifested) status, but not acknowledged. The school will want to verify that the manifest and promissory notes were sent to the LOC and that the acknowledgement was imported.

The report prints the loan ID, borrower's name, promissory note status, promissory note indicator, promissory note received date, and manifest date.



```
Report Date: 03/23/2000    U.S. DEPARTMENT OF EDUCATION                   PAGE:  1
Report Time:     13:15:34  2000-2001 Federal Direct Loan Program
                                List - Promissory Notes
                                     (ALL RECORDS)                       Sort: Loan ID
     THIS DOCUMENT CONTAINS SENSITIVE INFORMATION PROTECTED BY THE PRIVACY ACT
***************************************************************************************
BORROWER'S NAME                 CURRENT
STUDENT'S NAME (PLUS ONLY)      SSN
    MPN ID (STAFFORD ONLY
    LOAN ID                     LOAN      PNOTE  PRINT   RECEIVED     MANIFEST
    PROM NOTE BATCH ID          TYPE      STAT   IND.    DATE         PRINT DATE
------------------------------  -------   -----  ------  ----------   ----------
JONES, JIMBO                    111-11-1111
111111111M01G03414001
111111111S01G03414001              S         P      O

VAN HOUTEN, MILHOUSE            222-22-2222
222222222M01G03414001
222222222S01G03414001              S         P      O
222222222U01G03414001              U         P      O

MUNTZ, NELSON                   333-33-3333
333333333M01G03414001
333333333S01G03414001              S         P      O

WIGGUM, CLANCY
WIGGUM, RALPH                   444-44-4444
444444444P01G03414001              P         R      O
444444444M01G03414001
444444444S01G03414001              S         P      O

BURNS, MONTY C.                 555-55-5555
555555555U01G03414001              U         P      R

TOTAL STAFFORD MPNs:                      4
TOTAL PLUS PROMISSORY NOTES:              1
```

*This report is called **List - Promissory Notes** in EDExpress 2000-01.*

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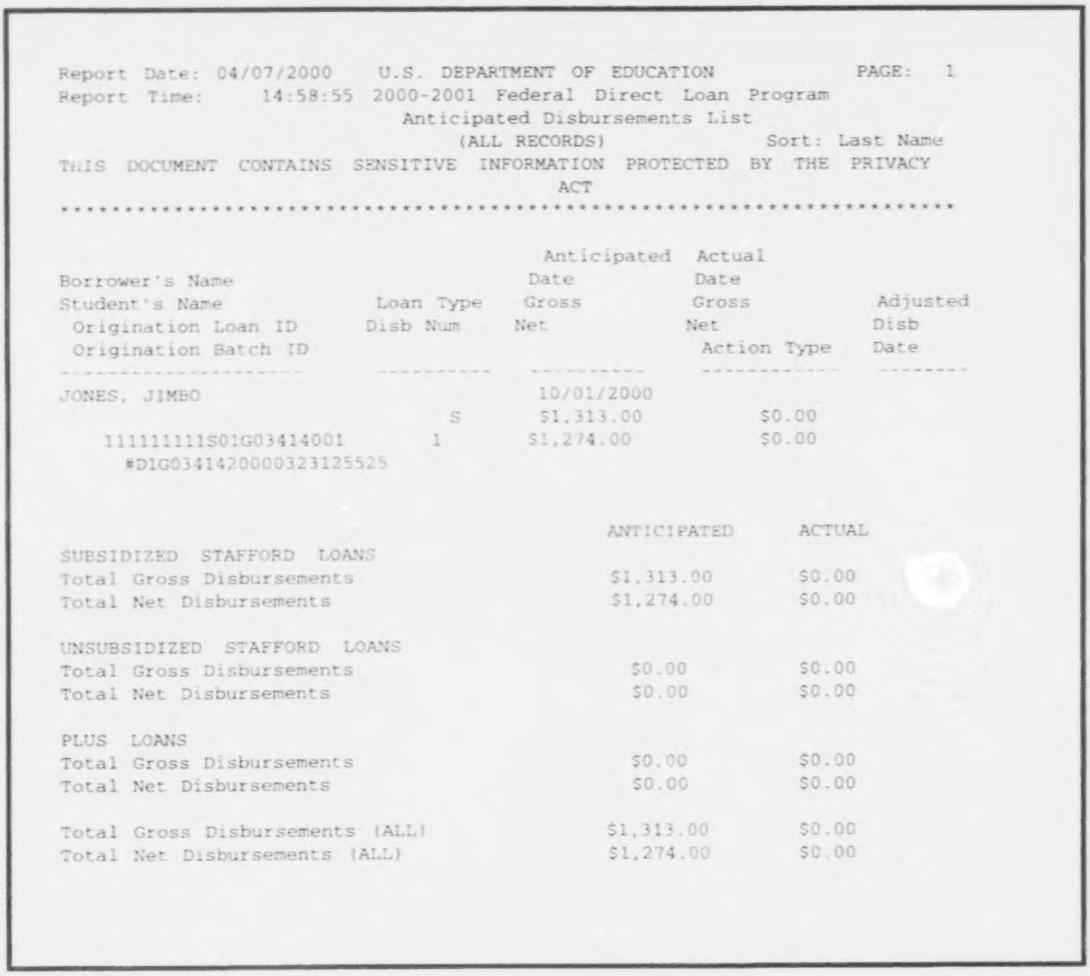
Pending Disbursement Report

May be designed to:

- Identify any non-canceled anticipated disbursements with no corresponding actual disbursements
- Determine funding needs
- Identify unrecorded disbursements

The list includes borrower name, loan ID, loan type, disbursement number, disbursement date, and the gross and net disbursement amount. The list includes summary totals that provide the total dollar amount of gross and net disbursements included in the list for each loan type, as well as a total for all loan types.



```
Report Date: 04/07/2000    U.S. DEPARTMENT OF EDUCATION           PAGE:   1
Report Time:      14:58:55 2000-2001 Federal Direct Loan Program
                             Anticipated Disbursements List
                                 (ALL RECORDS)            Sort: Last Name
THIS DOCUMENT CONTAINS SENSITIVE INFORMATION PROTECTED BY THE PRIVACY
                                        ACT
*****************************************************************************

                                     Anticipated  Actual
Borrower's Name                       Date         Date
Student's Name           Loan Type   Gross        Gross             Adjusted
 Origination Loan ID     Disb Num    Net          Net               Disb
 Origination Batch ID                              Action Type      Date
---------------------    ----------  ----------   ------------      --------
JONES, JIMBO                          10/01/2000
                                 S    $1,313.00         $0.00
   111111111S01G03414001         1   $1,274.00         $0.00
    #D1G03414200003231255 25


                                          ANTICIPATED      ACTUAL
SUBSIDIZED  STAFFORD  LOANS
Total Gross Disbursements                 $1,313.00        $0.00
Total Net Disbursements                   $1,274.00        $0.00

UNSUBSIDIZED  STAFFORD  LOANS
Total Gross Disbursements                     $0.00        $0.00
Total Net Disbursements                       $0.00        $0.00

PLUS  LOANS
Total Gross Disbursements                     $0.00        $0.00
Total Net Disbursements                       $0.00        $0.00

Total Gross Disbursements (ALL)           $1,313.00        $0.00
Total Net Disbursements (ALL)             $1,274.00        $0.00
```

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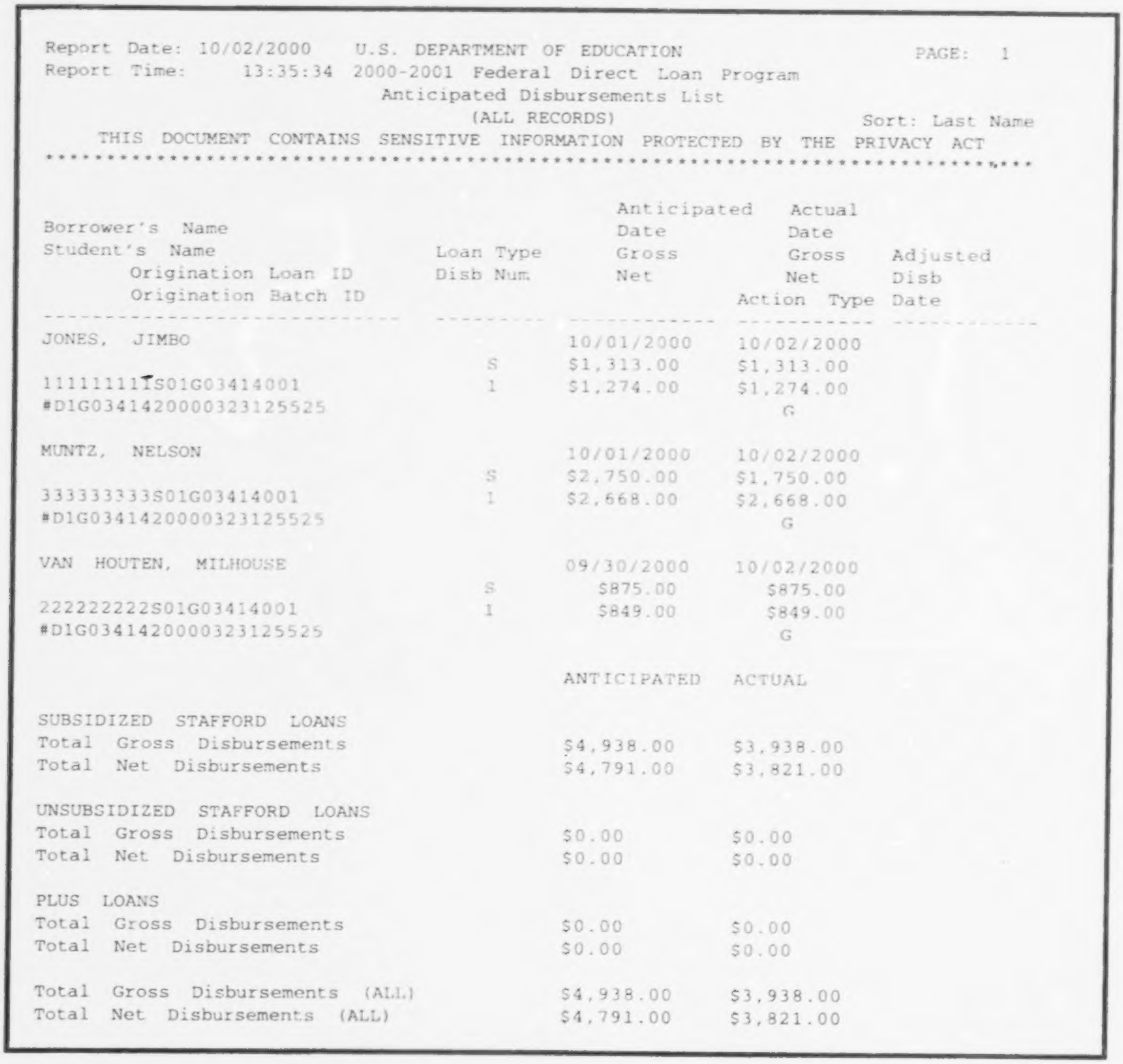
Anticipated with Actual Disbursement Report

The Anticipated with Actual Disbursement Report provides information about anticipated disbursement with corresponding actual disbursements (anticipated disbursements for which actual disbursements have been made).

May be useful when:

- Searching the EDExpress database for an anticipated disbursement with a corresponding actual disbursement.
- Comparing loans disbursed in EDExpress with those on internal systems (ie. bursar's or student accounts).



```
Report Date: 10/02/2000    U.S. DEPARTMENT OF EDUCATION                  PAGE:  1
Report Time:     13:35:34  2000-2001 Federal Direct Loan Program
                               Anticipated Disbursements List
                                       (ALL RECORDS)                Sort: Last Name
    THIS DOCUMENT CONTAINS SENSITIVE INFORMATION PROTECTED BY THE PRIVACY ACT
*******************************************************************************

                                                 Anticipated   Actual
Borrower's Name                                  Date          Date
Student's Name                     Loan Type     Gross         Gross      Adjusted
       Origination Loan ID         Disb Num      Net           Net        Disb
       Origination Batch ID                                  Action Type  Date
----------------------------       ---------  ------------  -----------  -----------
JONES, JIMBO                                  10/01/2000    10/02/2000
                                       S      $1,313.00     $1,313.00
111111111S01G03414001                  1      $1,274.00     $1,274.00
#D1G03414200000323125525                                       G

MUNTZ, NELSON                                 10/01/2000    10/02/2000
                                       S      $2,750.00     $1,750.00
333333333S01G03414001                  1      $2,668.00     $2,668.00
#D1G03414200000323125525                                       G

VAN HOUTEN, MILHOUSE                          09/30/2000    10/02/2000
                                       S        $875.00       $875.00
222222222S01G03414001                  1        $849.00       $849.00
#D1G03414200000323125525                                       G

                                              ANTICIPATED   ACTUAL

SUBSIDIZED STAFFORD LOANS
Total Gross Disbursements                     $4,938.00     $3,938.00
Total Net Disbursements                       $4,791.00     $3,821.00

UNSUBSIDIZED STAFFORD LOANS
Total Gross Disbursements                     $0.00         $0.00
Total Net Disbursements                       $0.00         $0.00

PLUS LOANS
Total Gross Disbursements                     $0.00         $0.00
Total Net Disbursements                       $0.00         $0.00

Total Gross Disbursements (ALL)               $4,938.00     $3,938.00
Total Net Disbursements (ALL)                 $4,791.00     $3,821.00
```

*This report is called **List - Anticipated Disbursements: Pending Actuals** in EDExpress 2000-01.*

Actual Disbursement Report

May be designed to:

- Identify all actual disbursements
- Identify the disbursement status of all actual disbursements, which can determine any actual disbursement not in an "A" status. For example:
    - If the report shows a disbursement status of "R," the disbursement needs to be batched and transmitted to the LOC.
    - If the report shows a disbursement status of "B," the school needs to verify that the batch was transmitted to the LOC. The acknowledgement may need to be pulled into the system to update the records.
    - If the disbursement status shows an "E," the disbursement has been rejected at the LOC and the school should resolve any problems and resubmit.
- Identify whether the actual disbursement is booked or unbooked

The report (see next page) includes borrower name, loan ID, disbursement batch, disbursement number, disbursement date, disbursement action type (disbursement or adjustment), disbursement amount, disbursement status, and booked status. The report also includes summary totals that provide the total dollar amount of disbursements included in the list for each loan type, as well as a total for all loan types.

```
Report Date: 10/02/2000   U.S. DEPARTMENT OF EDUCATION                 PAGE:
Report Time:     13:33:25 2000-2001 Federal Direct Loan Program
                                List - Actual Disbursements
                                      (ALL RECORDS)                  Sort: SSN
     THIS DOCUMENT CONTAINS SENSITIVE INFORMATION PROTECTED BY THE PRIVACY ACT
******************************************************************************
Borrower's Name               Current SSN
Student's Name                                 Amount
  Loan ID                     Disb#/Type       Gross        Disb       Booked
  Disb. Batch ID              Date             Fee          Sts         Sts
                                             Net/Net Adj
---------------------------  -----------   ------------  ---------  ----------
JONES,JIMBO                  111-11-1111
111111111S01G03414001        1         G
#H1G03414200010021332 34     10/02/2000    $     1,313      B        Unbooked
                                           $        39
                                           $     1,274
Subtotal                                   $     1,274

VAN HOUTEN, MILHOUSE         222-22-2222
222222222S01G03414001        1         G
#H1G034142000100213323 4     10/02/2000    $       875      B        Unbooked
                                           $        26
                                           $       849
Subtotal                                   $       849

MUNTZ, NELSON                333-33-3333
333333333S01G03414001        1         G
#H1G034142000100213323 4     10/02/2000    $     1,750      B        Unbooked
                                           $        52
                                           $     1,698
Subtotal                                   $     1,698

Total Net Booked Stafford Subsidized                     $        0
Total Net Booked Unsubsidized                            $        0
Total Net Booked PLUS                                    $        0

Total Net Unbooked Stafford Subsidized                   $    3,821
Total Net Unbooked Unsubsidized                          $        0
Total Net Unbooked PLUS                                  $        0

Total Net Disbursements Stafford Subsidized              $    3,821
Total Net Disbursements Unsubsidized                     $        0
Total Net Disbursements PLUS                             $        0
```

Booked Status Measurement Report

May be designed to:

- Identify and resolve loans with booking problems. For example:
    - This report lists all loans with all three status flags (origination, promissory note, and disbursement). If one or more of these status flags are not in an "A" status, the school needs to research and resolve those items.
- Compare EDExpress Direct Loan data to LOC data received in the Direct Loan School Account Statement.
- Analyze the bottlenecks in processing. For example, if there are a lot of records in a "B" status, it could indicate that records are being batched but not transmitted.

This report lists booked and unbooked records with an accepted origination status in your database up to a given end date. Records will only print on this report if they have an actual disbursement posted.

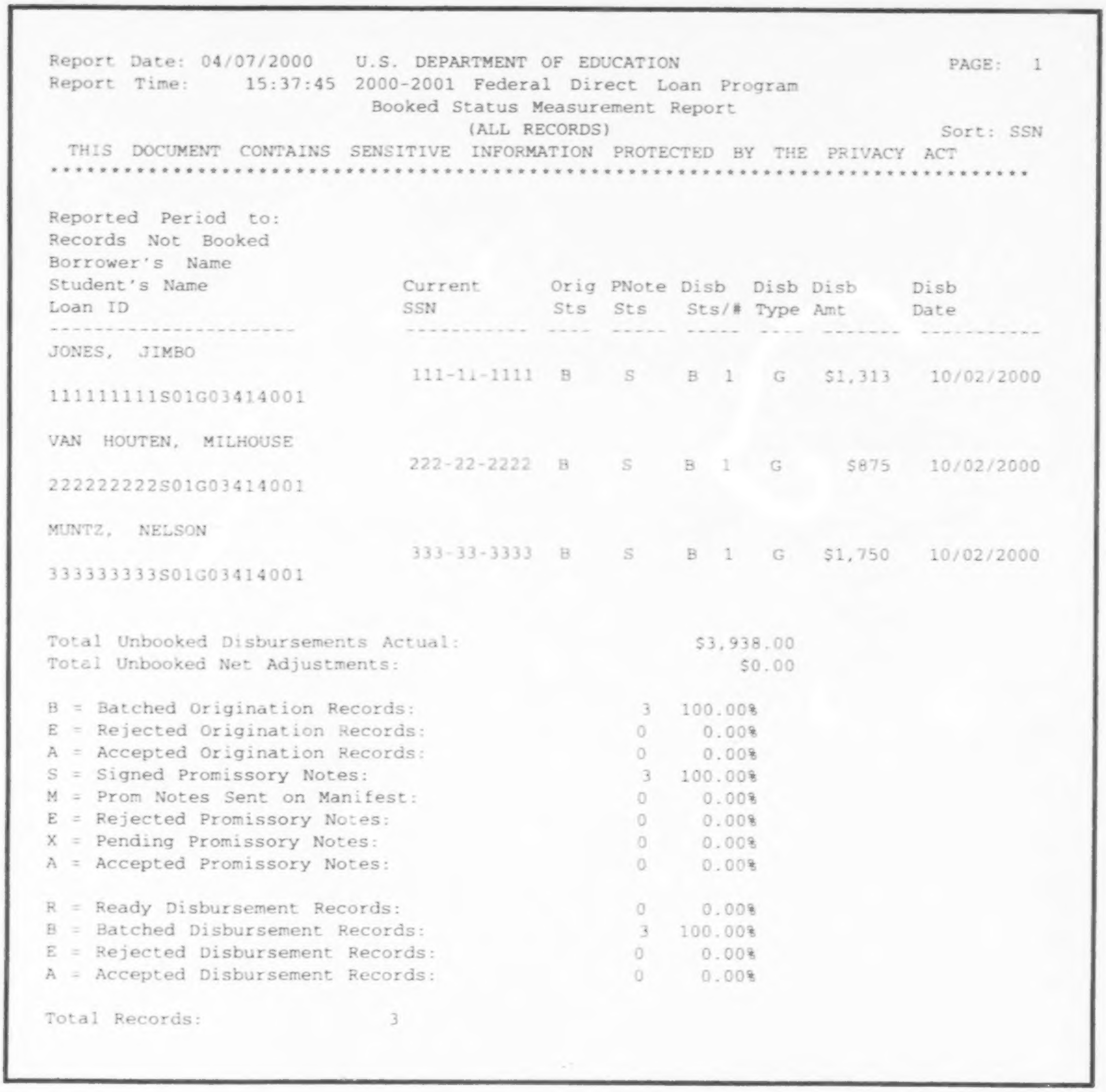
For a given end date, the Booked Records section includes all records that have actual disbursements from the beginning of the year up through the end date that have a booked status = A (accepted).

For the period from the beginning of the year to the end date, the Unbooked Records section includes all records that have actual disbursements that are not booked.

The report includes the following data:

Borrower's Name, Loan ID, Current SSN, Origination Status, Promissory Note Status, Disbursement Status, Disbursement Number, Disbursement Type, Disbursement Amount, and Disbursement Date. It also includes the total number of booked and unbooked disbursements, adjustments, and cancellations and the percentage of records in each status for origination, promissory notes, and disbursement records.

(Refer to sample report on the next page.)



```
Report Date: 04/07/2000   U.S. DEPARTMENT OF EDUCATION                    PAGE:  1
Report Time:    15:37:45  2000-2001 Federal Direct Loan Program
                          Booked Status Measurement Report
                                  (ALL RECORDS)                        Sort: SSN
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************************************************************************

Reported Period to:
Records Not Booked
Borrower's Name
Student's Name              Current      Orig PNote Disb  Disb Disb      Disb
Loan ID                     SSN          Sts  Sts   Sts/# Type Amt       Date
----------------------      -----------  ---- ----- ----- ---- -------   ----------
JONES, JIMBO
                            111-11-1111  B    S     B  1  G    $1,313    10/02/2000
111111111S01G03414001

VAN HOUTEN, MILHOUSE
                            222-22-2222  B    S     B  1  G      $875    10/02/2000
222222222S01G03414001

MUNTZ, NELSON
                            333-33-3333  B    S     B  1  G    $1,750    10/02/2000
333333333S01G03414001

Total Unbooked Disbursements Actual:             $3,938.00
Total Unbooked Net Adjustments:                      $0.00

B = Batched Origination Records:            3  100.00%
E = Rejected Origination Records:           0    0.00%
A = Accepted Origination Records:           0    0.00%
S = Signed Promissory Notes:                3  100.00%
M = Prom Notes Sent on Manifest:            0    0.00%
E = Rejected Promissory Notes:              0    0.00%
X = Pending Promissory Notes:               0    0.00%
A = Accepted Promissory Notes:              0    0.00%

R = Ready Disbursement Records:             0    0.00%
B = Batched Disbursement Records:           3  100.00%
E = Rejected Disbursement Records:          0    0.00%
A = Accepted Disbursement Records:          0    0.00%

Total Records:          3
```

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Cash Summary Report

May be designed to:

- Compare your data with cash summary data on the new Direct Loan School Account Statement (DLSAS) and research discrepancies
- Evaluate cash flow
- Reconcile cash with internal cash records
- Provide summaries for specified periods (year-to-date, monthly, quarterly, etc.)
- Prepare budget projections for future cycles

This report can be used to compare your institution's data with LOC data as reported in the Cash Summary section of the Direct Loan School Account Statement (DLSAS). The formats of the two reports should be similar.

This report shows an institution's cash position for any date range. A school may need to pull cash totals from different sources. For example, a school may need to get total drawdowns and excess cash from the Business Office. Schools will probably want to run this type of report for the same date range as the information on the DLSAS report. The Cash Summary report has the following totals:

Beginning Cash Balance:
    Cash Receipts:
    Excess Cash Returned:
    Booked Disbursements Actual:
    Booked Disbursements Adjustments:
    Net Booked Disbursements:
Ending Cash Balance:

```
Report Date: 04/31/2001    U.S. DEPARTMENT OF EDUCATION                PAGE:  1
Report Time: 08:44:19  2000-2001 Federal Direct Loan Program
                                     List - Cash
                                    (ALL RECORDS)
    THIS DOCUMENT CONTAINS SENSITIVE INFORMATION PROTECTED BY THE PRIVACY ACT
********************************************************************************
Reported Period: 04/01/2001 to 04/30/2001
Institution Code: G01234

Cash Summary - School Amounts

Beginning Cash Balance:                                                      $0

     Cash Receipts:                                          $90,000
     Excess Cash Returned:                                   $(5,000)
Total Cash Receipts:                                                    $85,000

     Net Booked Disb. Actual:                                $25,000
     Net Booked Disb. Adjustments:                           $(5,000)
Total Net Booked Loan Detail (Disbursements):                          $(20,000)

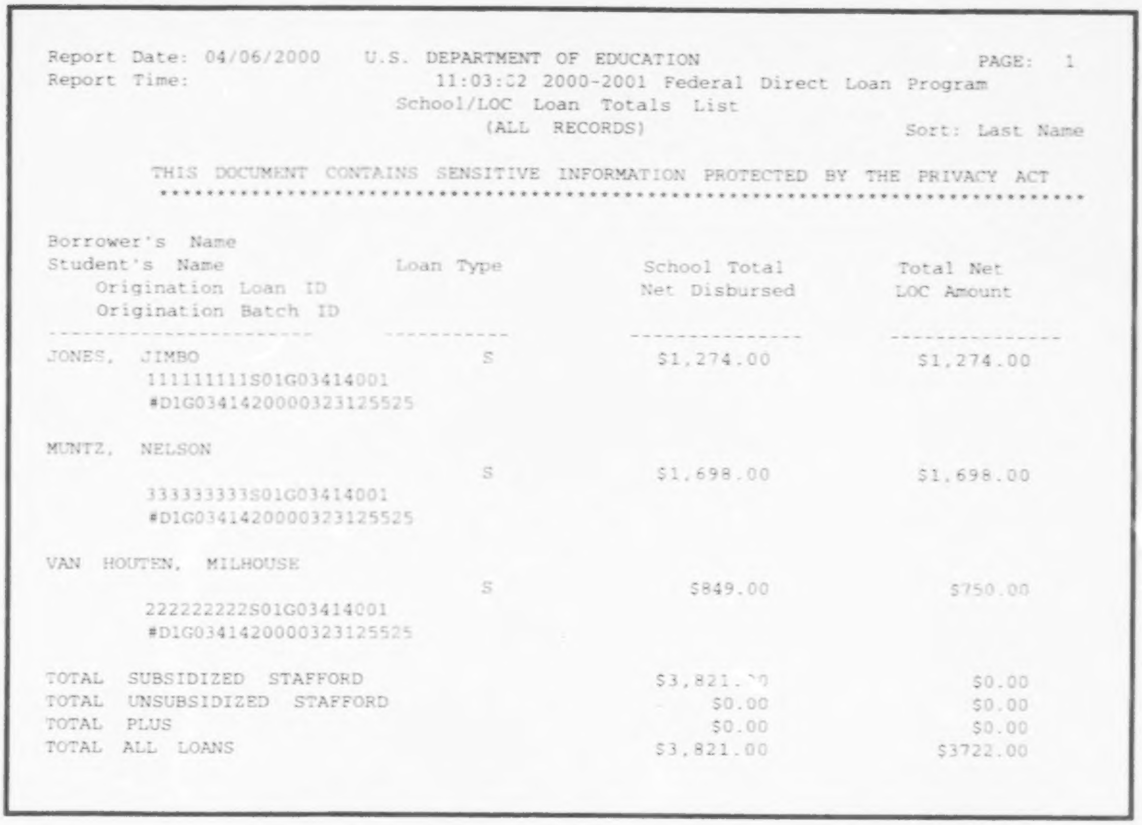
Ending Cash Balance:                                                   $(65,000)
```

*This report is called **List - Cash** in EDExpress 2000-01.*
The layouts for this report are in the Direct Loan Technical Reference.

School/LOC Loan Totals Report

The School/LOC Loan Totals report compares the total net loan amount disbursed in EDExpress with the LOC's total net loan amount returned in the disbursement acknowledgement file.

The LOC's total net loan amount represents the net value of all accepted disbursements for the loan ID.



```
Report Date: 04/06/2000   U.S. DEPARTMENT OF EDUCATION                    PAGE:  1
Report Time:                   11:03:02 2000-2001 Federal Direct Loan Program
                          School/LOC  Loan  Totals  List
                                  (ALL  RECORDS)                      Sort: Last Name

       THIS DOCUMENT CONTAINS SENSITIVE INFORMATION PROTECTED BY THE PRIVACY ACT
       **********************************************************************************

Borrower's  Name
Student's  Name              Loan Type             School Total          Total Net
    Origination Loan ID                            Net Disbursed         LOC Amount
    Origination Batch ID
----------------------     -----------          ---------------       ---------------
JONES,  JIMBO                      S                $1,274.00             $1,274.00
        111111111S01G03414001
        #D1G0341420000323125525

MUNTZ,  NELSON
                                   S                $1,698.00             $1,698.00
        333333333S01G03414001
        #D1G0341420000323125525

VAN  HOUTEN,  MILHOUSE
                                   S                  $849.00               $750.00
        222222222S01G03414001
        #D1G0341420000323125525

TOTAL  SUBSIDIZED  STAFFORD                         $3,821.00                 $0.00
TOTAL  UNSUBSIDIZED  STAFFORD                           $0.00                 $0.00
TOTAL  PLUS                                             $0.00                 $0.00
TOTAL  ALL  LOANS                                   $3,821.00              $3722.00
```

The report is called ***List - School/LOC Loan Total*** *in EDExpress 2000-01.*

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LOC GENERATED REPORTS

The reports beginning on the next page are examples of some of the reports generated and transmitted electronically by the LOC.

LOC Drawdown Report

Purpose of the report is to:

- Reconcile school's drawdowns to the LOC's drawdowns.
- Identify any drawdowns that are in the wrong processing year.

Schools can request this report from their Customer Service Representative at the LOC or their Client Account Manager. These reports can be printed for a particular processing year or in date order for a specified date range.

The "GAPS Debit Date" is the date schools should use to compare against their internal records. The "Yr" is the program year to which the LOC or school applied the funds.

04 - 1997/1998
05 - 1998/1999
06 - 1999/2000
07 - 2000/2001

Drawdown Amt	Drawdown Date	GAPS Control No.	GAPS Debit Date	Rec Ind	Yr	Batch Date	Att #	Processed Date	Action Code
$22,678	07/22/1999 20:12:17	199907189912	07/21/1999	N	06	07/22/1999 20:12:17		00/00/0000	P
$36,495	09/08/1999 21:16:44	199909049916	09/07/1999	N	06	09/08/1999 21:16:44		00/00/0000	P
$114,145	11/10/1999 18:10:06	199911089915	11/10/1999	N	06	11/10/1999 18:10:06		00/00/0000	P
$18,721	04/04/2000 09:10:12	200003300098	04/03/2000	N	06	04/04/2000 09:10:12		00/00/0000	P
$16,992	09/17/2000 21:29:07	199907189912	09/17/2000	N	06	09/17/2000 21:29:07		00/00/0000	P
($16,992)	09/17/2000 00:00:00	199907189912	09/17/2000	N	06	09/17/2000 00:00:00		00/00/0000	A
$25,000	04/06/2001 19:07:18	200004030001	04/05/2001	N	07	04/06/2001 19:07:18		00/00/0000	P
$15,000	04/26/2001 19:19:53	200004220012	04/25/2001	N	07	04/26/2001 19:19:53		00/00/0000	P
$50,000	04/30/2001 19:24:25	200004270035	04/30/2001	N	07	04/30/2001 19:24:25		00/00/0000	P
$30,000	05/23/2001 21:10:17	200005190083	05/22/2001	N	06	05/23/2001 21:10:17		00/00/0000	P
$312,039	Total								

For LOC Internal Use Only

Key for Drawdown Report from the Loan Origination Center

Drawdown Amt – Amount of transaction.

Drawdown Date – Date and time the Loan Origination Center (LOC) receives the drawdown information from GAPS.

GAPS Control No – Code assigned by the Department to the drawdown transaction. The date within the GAPS control number reflects when the school entered the drawdown in GAPS.

GAPS Debit Dt – Date the US Treasury debited the school's account.

> **Note:** *This is the date schools should use to compare against internal records.*

Rec Ind – Reconciliation Indicator is the reconciliation status of the transaction.

Y, T, or M = Reconciled
N = Not Reconciled

> **Note:** *This indicator may not apply because schools are no longer required to send the reconciliation file (#L) for data match.*

Yr – The program year to which the funds were applied by the LOC.

02/03 = 95/96 or 96/97 years
04 = 97/98 year
05 = 98/99 year
06 = 99/00 year
07 = 00/01 year

> **Note:** *All funds applied after 6/30/95 are included on the 732 report of the 95/96 and 96/97 years unless they are applied by the LOC to another year (i.e. 04, 05).*

Batch Date, Att #, Processed Date, and Action Code – For Loan Origination Center's internal use.

LOC Excess Cash Report

Purpose of the report is to:

- Reconcile the school's excess cash transactions to the LOC's records.
- Identify any excess cash allocated to the wrong year.
- Determine if funds were supposed to be sent to the LOC as excess cash or the Servicing Center as a payment.

Schools can request this report from their Customer Service Representative at the LOC or their Client Account Manager. These reports can be printed for a particular processing year or in date order for a specified date range.

Applied Date – Date funds were deposited by ED.

Received Date – Date funds were posted on the Loan Origination System.

Trans Number – This is the check number or the transaction number from an electronic transfer.

Prog Year – This is the year in which the funds were ***applied*** at the LOC.

04 - 1997/1998
05 - 1998/1999
06 - 1999/2000
07 - 2000/2001

Applied Date	Received Date	Trans Number	Prog Year	Applied Amount	Recon Ind	Recon Proc Date	Batch Number	SF215 Number	SF215 Date	SF215 Amount
08/09/1000	08/09/1999	3438	06	$4,500	N		EC19990809089	101399	08/09/1999	$0.00
08/09/1999	11/10/1999	3438	06	$(4,500)	N		EC19991110012	101399	08/09/1999	$0.00
04/21/2001	04/21/2001	1089	07	$5,000	N		EC20000421059	446737	04/21/2001	$0.00
05/10/2001	05/10/2001	1105	07	$5,000	N		EC20000510001	446737	05/10/2001	$0.00
			Total	$10,000						

For LOC Internal Use Only

Key for Excess Cash Report from the Loan Origination Center

Applied Date – Date funds were deposited.

Received Date – Date funds were posted on the Loan Origination System.

Trans Number – This is the check number or the transaction number from an electronic funds transfer.

Prog Year – This is the year in which the funds were **applied** at the Loan Origination Center (LOC).

02/03 = 95/96 or 96/97 year
04 = 97/98 year
05 = 98/99 year
06 = 99/00 year
07 = 00/01 year

Note: *All funds applied after 6/30/95 are included on the 732 report for the 95/96 and 96/97 years unless they are applied by the LOC to another year (i.e. 04, 05).*

Applied Amount – Amount of returned funds.

Recon Ind – Reconciliation Indicator
Y, T, or M = Reconciled
N = Not Reconciled
Note: *This indicator may not apply because schools are no longer required to send the reconciliation file (#L) for data match.*

Recon Process Date – Date reconciliation file was processed.
Note: *This indicator may not apply because schools are no longer required to send the reconciliation file (#L) for data match.*

Batch Number – For LOC internal tracking
XX = Prior to conversion to new LOC
EC = Check transaction or LOC correction
EF = Electronic Funds Transfer
EO = Treasury Correction

SF215 Number, SF215 Date, and SF215 Amount – For LOC internal tracking.

Loan Detail Exception Report for Booked and Unbooked Loans

The purpose of the report is to:

- Reaffirm that loans are booked at the LOC
- Identify loans that are not booked at the LOC

You have the option of sending an export file to the LOC for data matching. The LOC will return the Exception Report indicating where the LOC data does not match yours. The report is an ASCII text file and can be either saved to a file name or printed when it is imported.

When you create the LOC Loan Detail file, you are asked to report on either YTD unbooked disbursements or all booked loan detail for the month of your choice.

If you select YTD Unbooked, EDExpress creates a file listing actual disbursements that do not have a booked status of A (accepted) as of the date on which you create the LOC Loan Detail file.

If you select All Booked Loan Detail for a Month XXX, EDExpress creates a file listing all booked disbursements for the month.

After the LOC receives your LOC Loan Detail report, it compares its data to your data and returns a report describing the mismatches. On the basis of the options you select when you send the LOC Loan Detail Report, the LOC sends a Loan Detail Exception Report for Booked Loans or a Loan Detail Exception Report for Unbooked Loans.

```
DL HEADER 0004ED0201OP    G91234-LOCUNBOK#L1G91234200010006142335UB
Report Date: 10/06/2000      U. S. DEPARTMENT OF EDUCATION          Page:     1
Report Time: 02:22:55 PM          Federal Direct Loan Program
                     Data Matching Exception Report for Unbooked Loans
                                  End Date of 10/06/2000

THIS DOCUMENT CONTAINS SENSITIVE INFORMATION PROTECTED BY THE PRIVACY ACT

School ID: G91234     School Name: ELECTRONIC UNIVERSITY
No. of Attempts This Month:  1  Direct Loan Year: 07  File Processed: Accepted

Loan ID      Transaction Disb Acty Seq Booked  Gross     Fee    Net       Adj   Man
                   Date   No  Code  No  MMYY   Amt       Amt    Amt       Amt   Adj
------------------------------------------------------------------------------------
008661760 Y 01 G91234 001
      SCHOOL 07/31/2000   1    D    1          $1167.00 $35.00 $1132.00
      LOC
      Difference     *    *    *    *             *       *       *

      SCHOOL 09/30/2000   2    D    1          $1167.00 $35.00 $1132.00
      LOC
      Difference     *    *    *    *             *       *        *

023588884 P 01 G91234 0001
      SCHOOL 07/05/2000   1    D    1          $1000.00 $30.00 $970.00
      LOC
      Difference     *    *    *    *             *       *        *

      SCHOOL 09/05/2000   2    D    1          $1000.00 $30.00 $970.00
      LOC
      Difference     *    *    *    *             *       *        *
```

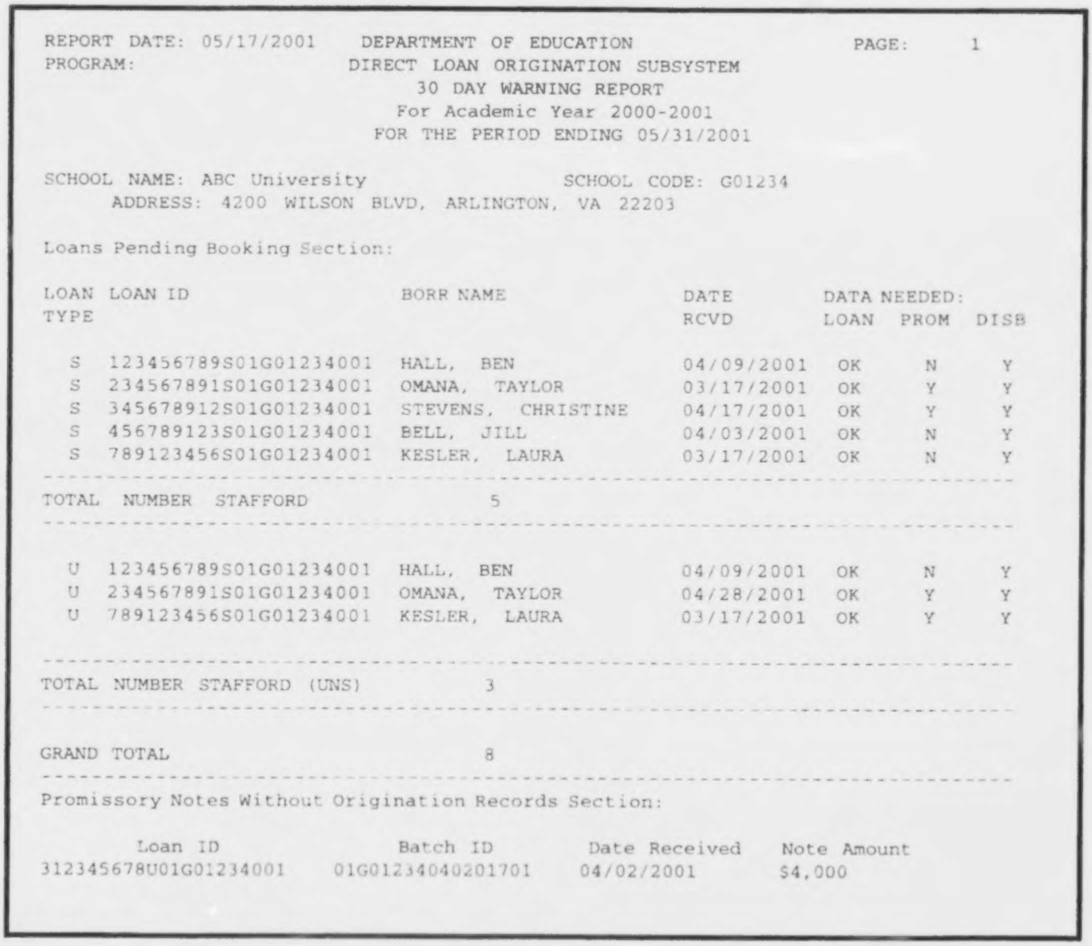
30 Day Warning Report

The purpose of the report is to:

- Identify any loans that have been originated but have not booked within 30 days
- Identify what elements (origination, promissory note, or first disbursement record) are needed to book the loan

The LOC sends the report if it has the origination record and has not received the promissory note in 30 days, or vice versa. The LOC rejects disbursement records received without an origination record.

The warning is only a notification of missing items. It does not update your database. This report does not tell the school whether it has neglected to make subsequent disbursements, adjustments, or cancellations.



```
REPORT DATE: 05/17/2001    DEPARTMENT OF EDUCATION                PAGE:     1
PROGRAM:                  DIRECT LOAN ORIGINATION SUBSYSTEM
                              30 DAY WARNING REPORT
                            For Academic Year 2000-2001
                          FOR THE PERIOD ENDING 05/31/2001

SCHOOL NAME: ABC University                SCHOOL CODE: G01234
      ADDRESS: 4200 WILSON BLVD, ARLINGTON, VA 22203

Loans Pending Booking Section:

LOAN LOAN ID                  BORR NAME               DATE        DATA NEEDED:
TYPE                                                  RCVD        LOAN  PROM  DISB

  S  123456789S01G01234001  HALL,  BEN                04/09/2001   OK     N     Y
  S  234567891S01G01234001  OMANA,  TAYLOR            03/17/2001   OK     Y     Y
  S  345678912S01G01234001  STEVENS,  CHRISTINE       04/17/2001   OK     Y     Y
  S  456789123S01G01234001  BELL,  JILL               04/03/2001   OK     N     Y
  S  789123456S01G01234001  KESLER,  LAURA            03/17/2001   OK     N     Y
-------------------------------------------------------------------------------------
TOTAL  NUMBER  STAFFORD               5
-------------------------------------------------------------------------------------

  U  123456789S01G01234001  HALL,  BEN                04/09/2001   OK     N     Y
  U  234567891S01G01234001  OMANA,  TAYLOR            04/28/2001   OK     Y     Y
  U  789123456S01G01234001  KESLER,  LAURA            03/17/2001   OK     Y     Y

-------------------------------------------------------------------------------------
TOTAL NUMBER STAFFORD (UNS)           3
-------------------------------------------------------------------------------------

GRAND TOTAL                           8
-------------------------------------------------------------------------------------
Promissory Notes Without Origination Records Section:

       Loan ID                 Batch ID          Date Received    Note Amount
312345678U01G01234001    01G01234040201701    04/02/2001        $4,000
```

COMPARE PROGRAM REPORTS

The reports beginning on the next page are examples of some of the reports generated by the Compare Program.

VIEW ALL COMPARED DISBURSEMENTS

Loanid	School Amt	LOC Amt	LOS bked/unbked	message	# school disbs	# adjs
111111111P99G99999001	3418			no matching LOC record for this loanid and amount	2	0
111111111S99G99999001	2420	5280	B	loanids MATCH school amount < than LOC	2	0
211111111U99G99999001	1114			no matching LOC record for this loanid and amount	1	0
222222222S99G99999001	960	0	B	loanids MATCH school amount > than LOC	1	0
222222222U99G99999001		1200	B	no matching school record for this loanid and amount		
333333333S99G99999001	2420			no matching LOC record for this loanid and amount	2	0
333333333U99G99999001		0	B	no matching school record for this loanid and amount		
444444444S99G99999001	2420	5092	B	loanids MATCH school amount < than LOC	2	0
555555555S99G99999001	2420			no matching LOC record for this loanid and amount	2	0
555555555S99G99999002		2640	B	no matching school record for this loanid and amount		
666666666S99G99999001	1520			no matching LOC record for this loanid and amount	2	1
666666666U99G99999001		3840	B	no matching school record for this loanid and amount		
777777777U99G99999002		1920	B	no matching school record for this loanid and amount		
888888888S99G99999001		3360	B	no matching school record for this loanid and amount		
999999999S99G99999002		1680	B	no matching school record for this loanid and amount		

VIEW ALL LOC DISBURSEMENT

Loanid	Type	Gross	Fee	Net	Netadj
111111111S99G99999001	B	5500	220	5280	
222222222S99G99999001	B	0	0	0	
222222222U99G99999001	B	1250	50	1200	
333333333U99G99999001	B	0	0	0	
444444444S99G99999001	B	5304	212	5092	
555555555S99G99999002	B	2750	110	2640	
666666666U99G99999001	B	4000	160	3840	
777777777U99G99999002	B	2000	80	1920	
888888888S99G99999001	B	3500	140	3360	
999999999S99G99999002	B	1750	70	1680	

VIEW DISBURSEMENT MISMATCHES

Loanid	*School Amt*	*LOC Amt*	*LOS bked/unbked*	*message*	*# school disbs*	*# school adjs*
111111111P99G99999001	3418			no matching LOC record for this loanid and amount	2	0
111111111S99G99999001	2420	5280	B	loanids MATCH school amount < than LOC	2	0
211111111U99G99999001	1114			no matching LOC record for this loanid and amount	1	0
222222222S99G99999001	960	0	B	loanids MATCH school amount > than LOC	1	0
222222222U99G99999001		1200	B	no matching school record for this loanid and amount		
333333333S99G99999001	2420			no matching LOC record for this loanid and amount	2	0
333333333U99G99999001		0	B	no matching school record for this loanid and amount		
444444444S99G99999001	2420	5092	B	loanids MATCH school amount < than LOC	2	0
555555555S99G99999001	2420			no matching LOC record for this loanid and amount	2	0
555555555S99G99999002		2640	B	no matching school record for this loanid and amount		
666666666S99G99999001	1520			no matching LOC record for this loanid and amount	2	1
666666666U99G99999001		3840	B	no matching school record for this loanid and amount		
777777777U99G99999002		1920	B	no matching school record for this loanid and amount		
888888888S99G99999001		3360	B	no matching school record for this loanid and amount		
999999999S99G99999002		1680	B	no matching school record for this loanid and amount		

APPENDIX
D

ANSWERS TO EXERCISES

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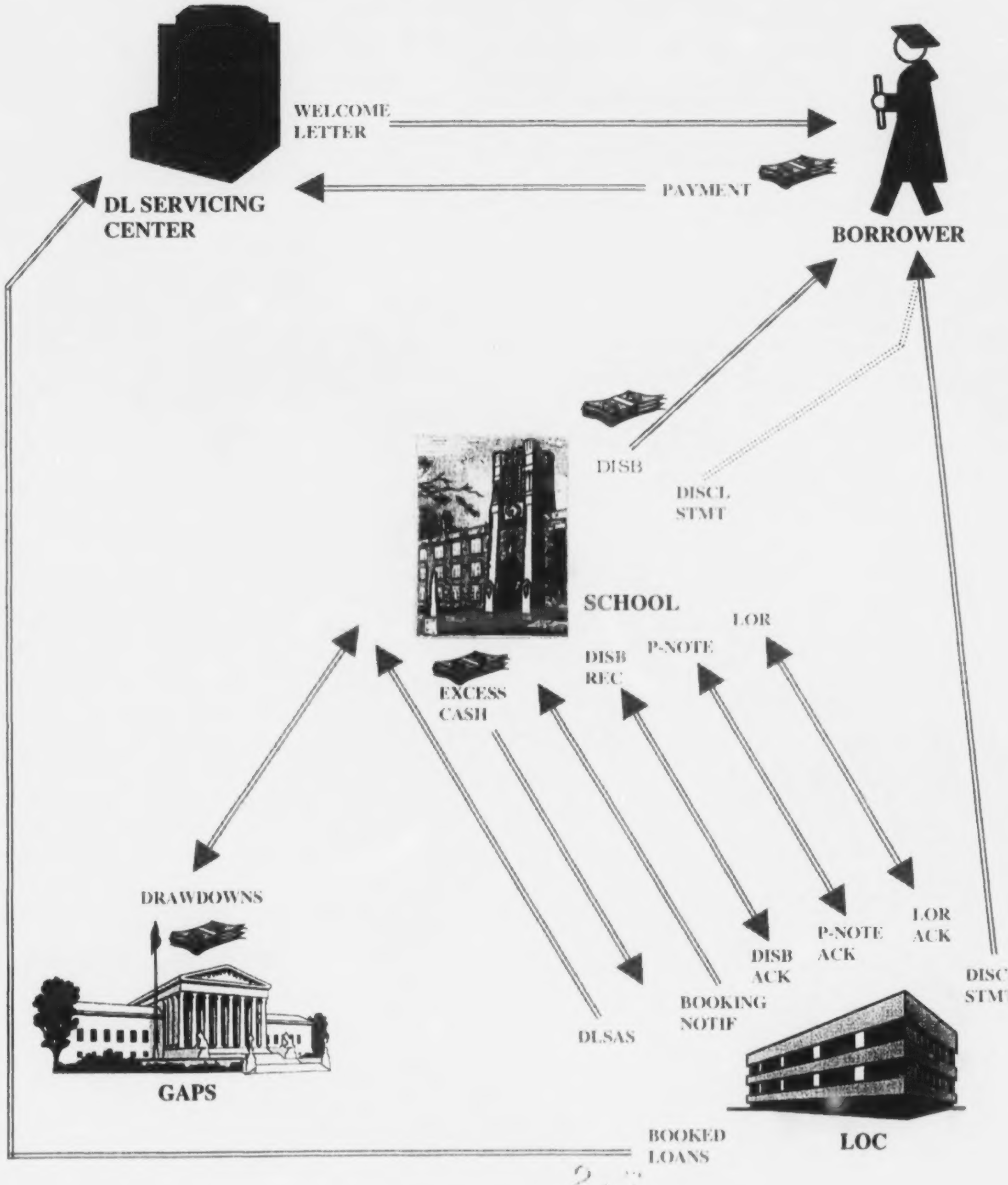
ED'S OFFICIAL DEFINITION OF RECONCILIATION

(Session 1, Page 3)

> *"The process by which the Direct Loan cash balance reported by the Loan Origination Center (LOC) is reviewed and compared with the school's internal records on a monthly basis. Schools should resolve all discrepancies."*

THE "MAP"

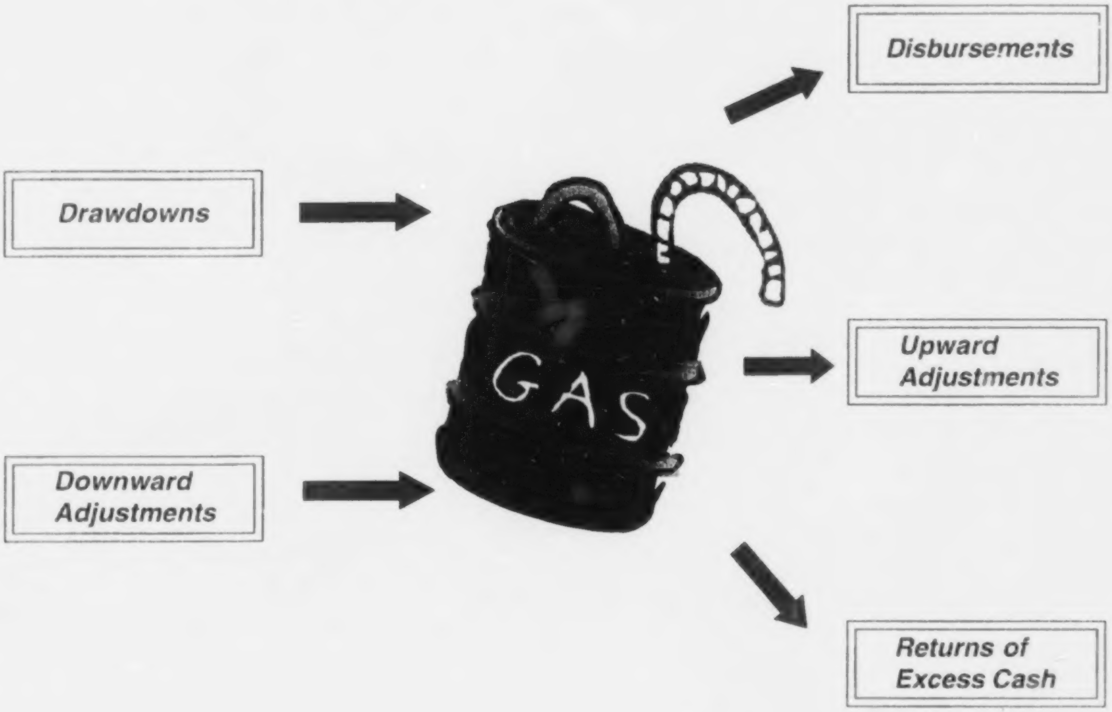
(Session 1, Page 5)



WELCOME LETTER
PAYMENT
DL SERVICING CENTER
BORROWER
DISB
DISCL STMT
SCHOOL
LOR
P-NOTE
DISB REC
EXCESS CASH
DRAWDOWNS
DISB ACK
P-NOTE ACK
LOR ACK
DISCL STMT
BOOKING NOTIF
DLSAS
GAPS
BOOKED LOANS
LOC

COMPLETED GAS CAN DIAGRAM

(Session 2, Page 3)


Drawdowns
Downward Adjustments
GAS
Disbursements
Upward Adjustments
Returns of Excess Cash

COMPLETED DIRECT LOAN CASH EQUATION

(Session 2, Page 11)

Beginning Cash Balance + Drawdowns - Excess Cash - Disbursements - Upward Adjustments + Downward Adjustments = Ending Cash Balance

RECONCILIATION ROAD TEST—MONTH 1

(Appendix A, Pages 5-11)

BUSINESS OFFICE SYSTEM REPORT (MONTH 1)

Beginning Balance $0

For Month Ending April 30

CARD #	DATE	DRAWDOWNS	GAPS CONTROL #	EXCESS CASH	CHECK #	DISB	ADJ
A-2	5-Apr	$25,000	200004030001				
A-3	6-Apr					$25,000	
A-10	14-Apr						($5,000)
A-11	17-Apr			$5,000	1089		
A-13	25-Apr	$15,000	200004220012				
A-17	26-Apr					$15,000	
A-20	30-Apr	$50,000	200004270035				
A-21	30-Apr						($5,000)
TOTALS		$90,000		$5,000		$40,000	($10,000)

Beginning Balance	+	Draw-downs	-	Excess Cash	-	Disburse-ments	-	Net Adjustments	=	Ending Cash Balance
$0	+	$90,000	-	$5,000	-	$40,000	-	($10,000)	=	$55,000

DIRECT LOAN SYSTEM REPORT (MONTH 1)

Beginning Balance $0 **For Month Ending** April 30

Beginning Unbooked (YTD) $0

CARD #	DATE	DISBURSEMENTS		ADJUSTMENTS	
		Unbooked	Booked	Unbooked	Booked
A-4	6-Apr	$25,000			
A-8	13-Apr	($25,000)	$25,000		
A-9	14-Apr			($5,000)	
A-17	26-Apr	$15,000			
A-18	27-Apr			$5,000	($5,000)
TOTALS		$15,000	$25,000	$0	($5,000)

Beginning Balance	+	Draw-downs*	-	Excess Cash*	-	Disburse-ments	-	Net Adjustments	=	Ending Cash Balance
$0	+	$90,000	-	$5,000	-	$25,000	-	($5,000)	=	$65,000

****Get Drawdown and Excess Cash totals from the Business Office Records to insert into the above equation.***

Remember, only **booked** disbursement records are included in the Ending Cash Balance at the LOC.

Beginning Unbooked	+	Month End Total Unbooked	=	YTD Ending Unbooked
$0	+	$15,000	=	$15,000

LOC REPORT—Cutting Edge Technical College Account (Month 1)

Beginning Balance $0 **For Month Ending** April 30

Beginning Unbooked (YTD) $0

CARD#	DATE	DRAWDOWNS	GAPS CONTROL#	EXCESS CASH	CHECK#	DISBURSEMENTS Unbkd	DISBURSEMENTS Bkd	ADJUSTMENTS Unbkd	ADJUSTMENTS Bkd
A-2	5-Apr	$25,000	200004030001						
A-6	13-Apr						$25,000		
A-11	21-Apr			$5,000	1089				
A-13	25-Apr	$15,000	200004220012						
A-15	26-Apr								($5,000)
A-20	30-Apr	$50,000	200004270035						
TOTALS		$90,000		$5,000		$0	$25,000	$0	($5,000)

Beginning Balance	+	**Draw-downs**	-	**Excess Cash**	-	**Disburse-ments**	-	**Net Adjustments**	=	**Ending Cash Balance**
$0	+	$90,000	-	$5,000	-	$25,000	-	($5,000)	=	$65,000

Remember, only **booked** disbursement records are included in the Ending Cash Balance at the LOC.

Beginning Unbooked	+	**Month End Total Unbooked**	=	**YTD Ending Unbooked**
$0	+	$0	=	$0

RECONCILIATION WORKSHEET FOR SIMULATION

For Month Ending: April 30

	SCHOOL'S BUSINESS OFFICE:		SCHOOL'S DIRECT LOAN:		DIFFERENCE:	NOTES:
Beginning Balance		$0		$0	$0	
Drawdowns	$90,000		$90,000		$0	
Excess Cash Returned	$5,000		$5,000		$0	
Total Net Cash Receipts		$85,000		$85,000		
Disbursements	$40,000		$25,000	BOOKED	$15,000	
Adjustments	($10,000)		($5,000)	BOOKED	$5,000	
Total Disbursed		$30,000		$20,000		
Ending Cash Balance		$55,000		$65,000	$10,000	

	SCHOOL'S DIRECT LOAN:		LOC DLSAS:		DIFFERENCE:	NOTES:
Beginning Balance		$0		$0	$0	
Drawdowns	$90,000		$90,000		$0	
Excess Cash Returned	$5,000		$5,000		$0	
Total Net Cash Receipts		$85,000		$85,000		
BOOKED						
Disbursements	$25,000		$25,000		$0	
Adjustments	($5,000)		($5,000)		$0	
Total Disbursed		$20,000		$20,000		
Ending Cash Balance		$65,000		$65,000	$0	

UNBOOKED: YEAR TO DATE	SCHOOL'S UNBOOKED DIRECT LOAN:		LOC DLSAS:		DIFFERENCE:	NOTES:
Disbursements	$15,000		$0		$15,000	
Adjustments	$0		$0		$0	
Total Unbooked		$15,000		$0	$15,000	

RECONCILIATION ROAD TEST: MONTH 1 WRAP-UP

(Appendix A, Pages 13-14)

Month 1 Wrap-Up Questions

1. What is the Ending Cash Balance (ECB) according to the Direct Loan system?

   $65,000

2. What is the Ending Cash Balance according to the Business Office system?

   $55,000

3. What reason(s) can you give for the difference(s) between the Direct Loan system's and Business Office system's Ending Cash Balance?

   The Business Office made a $5,000 downward adjustment on April 30 that is not present in the Direct Loan system.

   There is $15,000 in unbooked disbursements in the Direct Loan system. Since the Direct Loan Ending Cash Balance only includes booked disbursements, the two systems appear to be out of balance.

4. What action(s) does the school need to complete to resolve the discrepancies between the Business Office and Direct Loan systems?

   - ***The Business Office needs to inform the FAA of the $5,000 downward adjustment to Jake the Snake's unsubsidized loan.***
   - ***The FAA needs to create the downward disbursement, transmit the record to the LOC, and pull in the acknowledgement.***
   - ***The FAA needs to export and transmit the $15,000 in unbooked disbursements it entered into the system on April 26 to the LOC and pull in the acknowledgement.***

5. What is the Ending Cash Balance according to the LOC?

   $65,000

RECONCILIATION ROAD TEST: MONTH 1 WRAP-UP

(Continued)

6. What reason(s) can you give for the difference(s) between the Direct Loan system's Ending Cash Balance and the LOC Ending Cash Balance?

None – they have the same Ending Cash Balance

7. What action(s) does the school need to resolve the discrepancies from its Direct Loan system and the LOC?

Although the Ending Cash Balances match between Direct Loan system and the LOC, there are discrepancies in the unbooked totals. Specifically, there is $15,000 in unbooked loans that appear on the Direct Loan system but not on the LOC system. The FAA needs to export and transmit the $15,000 in unbooked disbursements it entered into the system on April 26 to the LOC, as was identified above.

8a. As of April 30, does the school have excess cash?

No. However, the school WILL be in an excess cash position if it:

- *Does not disburse the $50,000 by the end of the third business day following April 30.*
- *Does not return or re-disburse the $5,000 downward adjustment from April 30 within 7 calendar days.*

8b. How would these actions be different if this were an Option 1 or a Standard Origination school?

The school would have to return the $5,000 downward adjustment as excess cash because its funds are borrower specific.

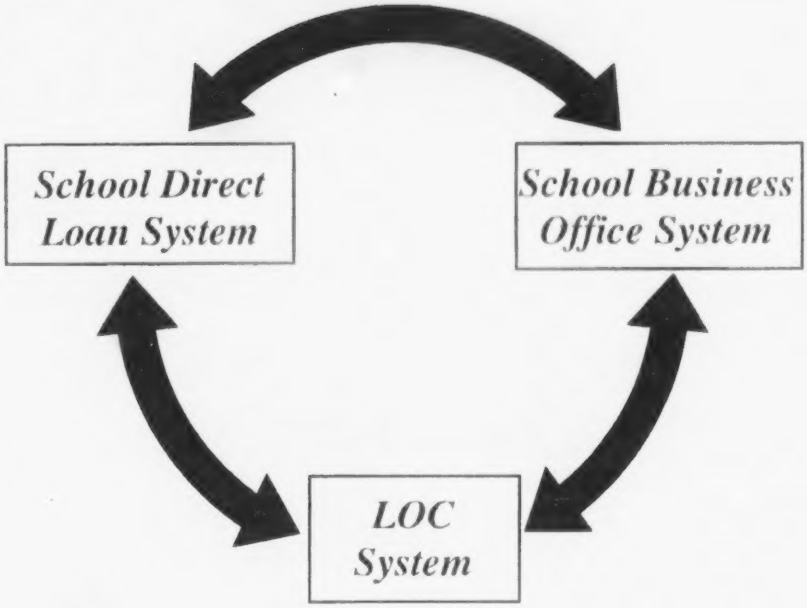
SUGGESTED STEPS FOR SCHOOLS TO FOLLOW TO MONITOR DIRECT LOAN PROCESSING

(Session 3, Page 3)

- Query the school's internal system for:
    - Batches not sent to the Loan Origination Center (LOC).
    - Batches sent to the LOC but not acknowledged.
    - Acknowledgements received from the LOC but not imported into the school's system.
    - Records rejected by the LOC that have not been corrected and retransmitted by the school.
    - Unbooked loans. Look for all transactions that are unbooked and for all unbooked loans (including loans with no disbursements). You may choose to focus on the following:
        - loans with an origination record and a promissory note but no first disbursement record.
        - loans with an origination record and disbursement record(s) but no promissory note.
- Review the 30 Day Warning Report to determine whether loans on the report are still valid.
    - Submit missing promissory notes or disbursement records to the LOC.
    - Reduce to zero and mark as inactive any loans that will not be disbursed.
- Create and run internal reports to use in the internal comparison of the Direct Loan system records to the Business Office records.
- Export all pending origination, promissory note, and disbursement data to ensure that the LOC has the most current and accurate information. Data includes all loan origination records, disbursement records, and completed promissory notes that are not in an "A" status on the school's system.
- Import all pending acknowledgements to ensure that schools will have all origination acknowledgements, master promissory note acknowledgements, and disbursement acknowledgements.
- Review the batch activity list for any unconfirmed batches and import any missing acknowledgements.
- Review school bank statements and reconcile any discrepancies with drawdown or excess cash activities.
- Run the Booked Status Measurement Tool (for schools using EDExpress) to identify unbooked loans and the needed component to book the loan.

COMPLETED THREE-WAY COMPARE

(Session 3, Page 4)


School Direct Loan System
School Business Office System
LOC System

DEFINITION OF THE TERM "THREE-WAY COMPARE"

(Session 3, Page 4)

The term "three-way compare" refers to the comparison of Loan Origination System data to ***both*** *a school's Direct Loan system data and its Business Office system data. Loan Origination System data is received in the form of the monthly Direct Loan School Account Statement (DLSAS) from the LOC. Schools should reconcile internally first and then with the DLSAS. The DLSAS provides the final piece of information needed to perform this three-way compare.*

QUESTIONS FOR DLSAS CASH SUMMARY QUIZ

(Session 3, Page 12)

Answers:

1. A: Total funds you drew down during the month.

   Q: What are the Cash Receipts?

2. A: Total unused funds returned to the LOC.

   Q: What is Excess Cash Returned?

3. A: Total net booked amount you disbursed to students and that was accepted by the LOC.

   Q: What is Net Booked Disbursement Actual?

4. A: This balance is zero at the beginning of the year. It fluctuates as the school receives drawdowns, disburses loans, returns excess cash, and as accounts are adjusted.

   Q: What is the Beginning Balance?

5. A: This balance is zero by the end of the close-out period.

   Q: What is the Ending Cash Balance?

6. A: Total changes to borrowers' accounts processed during the month.

   Q: What is Net Booked Disbursement Adjustments?

7. A: This total is accepted at the LOC but is missing a promissory note needed to book the loan. You may need to contact your Customer Service Representative (CSR) to assist in clearing these balances.

   Q: What is Total Net Unbooked Loan Detail?

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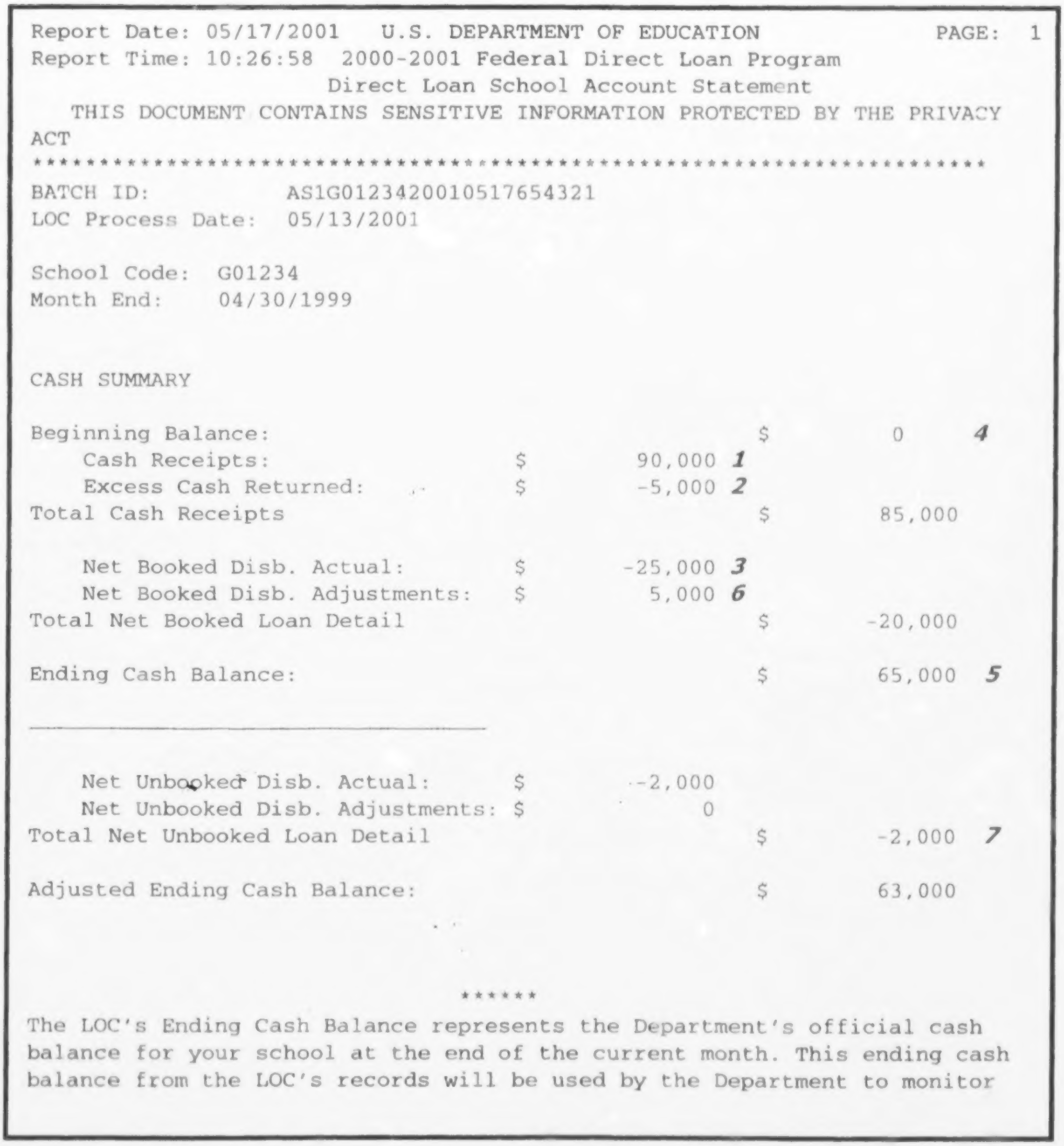
COMPLETED DLSAS CASH SUMMARY REPORT
(Session 3, Page 13)



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Report Date: 05/17/2001   U.S. DEPARTMENT OF EDUCATION            PAGE:  1
Report Time: 10:26:58  2000-2001 Federal Direct Loan Program
                       Direct Loan School Account Statement
   THIS DOCUMENT CONTAINS SENSITIVE INFORMATION PROTECTED BY THE PRIVACY
ACT
**********************************************************************
BATCH ID:              AS1G01234200105176543 21
LOC Process Date:  05/13/2001

School Code:  G01234
Month End:    04/30/1999


CASH SUMMARY

Beginning Balance:                                 $           0   4
    Cash Receipts:                 $       90,000 1
    Excess Cash Returned:          $       -5,000 2
Total Cash Receipts                                $      85,000

    Net Booked Disb. Actual:       $      -25,000 3
    Net Booked Disb. Adjustments:  $        5,000 6
Total Net Booked Loan Detail                       $     -20,000

Ending Cash Balance:                               $      65,000   5

___________________________________

    Net Unbooked Disb. Actual:     $       -2,000
    Net Unbooked Disb. Adjustments: $           0
Total Net Unbooked Loan Detail                     $      -2,000   7

Adjusted Ending Cash Balance:                      $      63,000


                             ******
The LOC's Ending Cash Balance represents the Department's official cash
balance for your school at the end of the current month. This ending cash
balance from the LOC's records will be used by the Department to monitor
```

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QUESTIONS FOR DLSAS CASH DETAIL QUIZ

(Session 3, Page 16)

Answers:

1. A: The LOC obtains this information from GAPS.

   What are Drawdowns or Cash Receipts?

2. A: These funds are sent directly to the LOC by the school.

   What is Excess Cash?

3. A: This is the date that funds were received by the LOC. This date determines what month the transaction is included on the DLSAS.

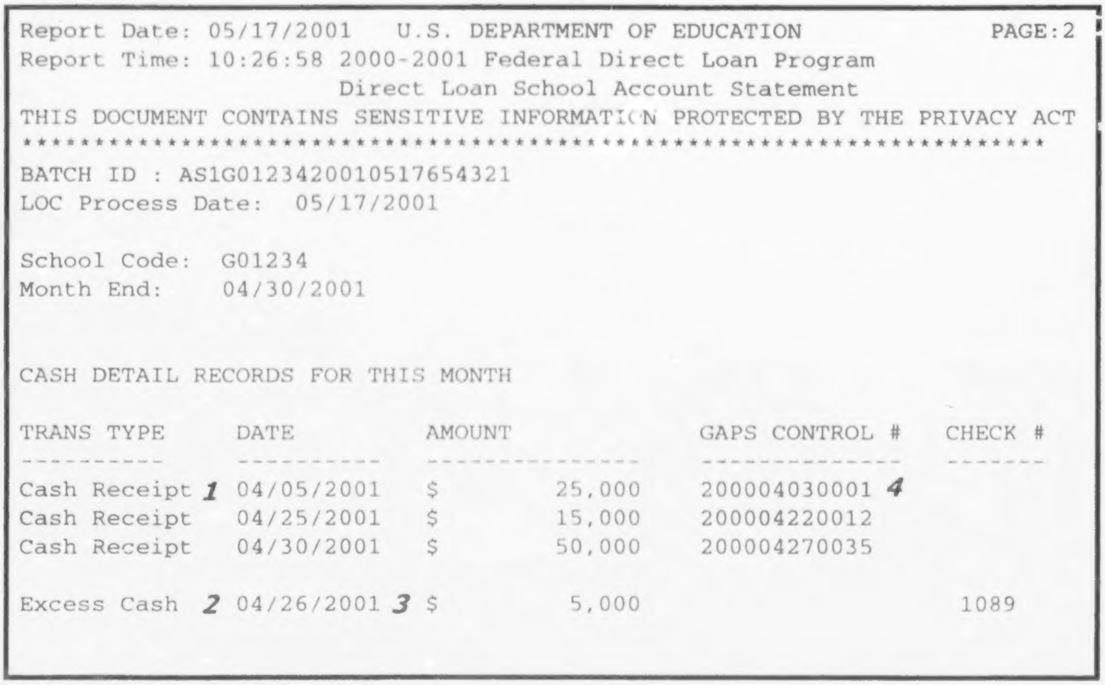
   What is the date of the Excess Cash transaction?

4. A: This number can be found in GAPS. It can be used to reconcile drawdowns with internal records.

   What is the GAPS Control number?

COMPLETED DLSAS CASH DETAIL REPORT

(Session 3, Page 17)



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Report Date: 05/17/2001   U.S. DEPARTMENT OF EDUCATION              PAGE:2
Report Time: 10:26:58 2000-2001 Federal Direct Loan Program
                         Direct Loan School Account Statement
THIS DOCUMENT CONTAINS SENSITIVE INFORMATION PROTECTED BY THE PRIVACY ACT
*************************************************************************
BATCH ID : AS1G0123420010517654321
LOC Process Date:  05/17/2001

School Code:  G01234
Month End:    04/30/2001


CASH DETAIL RECORDS FOR THIS MONTH

TRANS TYPE      DATE          AMOUNT                 GAPS CONTROL #   CHECK #
----------      ----------    ---------------        --------------   -------
Cash Receipt 1  04/05/2001    $          25,000      200004030001 4
Cash Receipt    04/25/2001    $          15,000      200004220012
Cash Receipt    04/30/2001    $          50,000      200004270035

Excess Cash  2  04/26/2001 3  $           5,000                          1089
```

QUESTIONS FOR DLSAS LOAN DETAIL QUIZ

(Session 3, Page 20)

Answers:

1. A: These are the dollar amounts that the LOC shows for each individual disbursement or adjustment transaction.

   What are Gross, Fee, Net, and Net Adjustment amounts?

2. A: If this date is within the same month as the DLSAS's "Month End" date, the transaction will be included in this DLSAS.

   What is the Booked Date?

3. A: This field indicates whether the transaction is booked or unbooked.

   What is the Status field?

4. A: These accepted records are included in the Loan Detail year to date.

   What are the Unbooked records?

5. A: This date might not be in the same month as the "Month End" date.

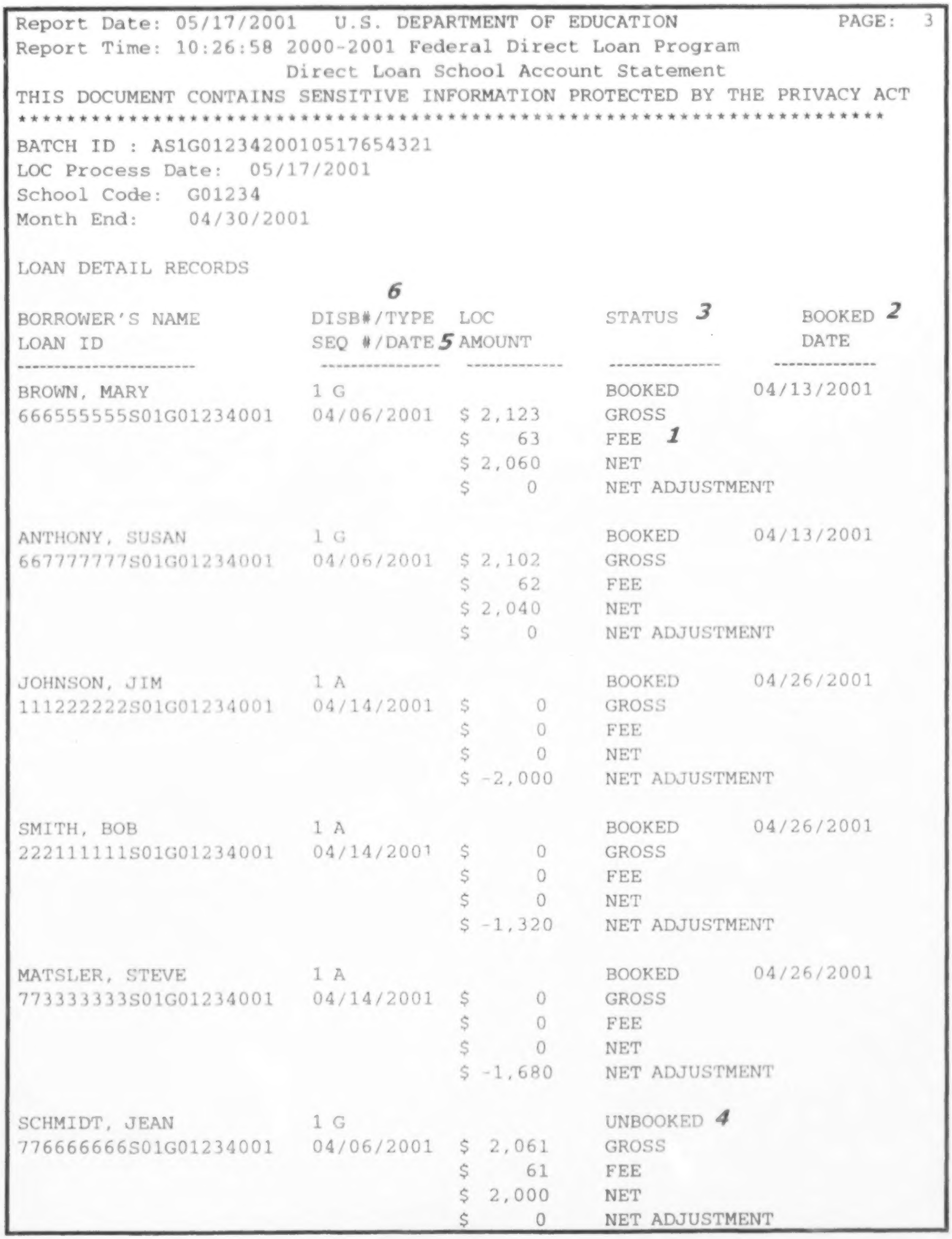
   What is the Disb Date?

6. A: This indicator tells you whether the transaction is a disbursement or an adjustment.

   What is Disb Type?

COMPLETED DLSAS LOAN DETAIL REPORT

(Session 3, Page 21)



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Report Date: 05/17/2001   U.S. DEPARTMENT OF EDUCATION                PAGE:   3
Report Time: 10:26:58 2000-2001 Federal Direct Loan Program
                       Direct Loan School Account Statement
THIS DOCUMENT CONTAINS SENSITIVE INFORMATION PROTECTED BY THE PRIVACY ACT
*************************************************************************
BATCH ID : AS1G01234200105176543 21
LOC Process Date:  05/17/2001
School Code:  G01234
Month End:     04/30/2001

LOAN DETAIL RECORDS
                              6
BORROWER'S NAME          DISB#/TYPE  LOC              STATUS 3        BOOKED 2
LOAN ID                  SEQ #/DATE 5 AMOUNT                           DATE
------------------------ ----------  -------------    ---------------  -------------
BROWN, MARY              1 G                          BOOKED          04/13/2001
666555555S01G01234001    04/06/2001  $ 2,123          GROSS
                                     $    63          FEE  1
                                     $ 2,060          NET
                                     $     0          NET ADJUSTMENT

ANTHONY, SUSAN           1 G                          BOOKED          04/13/2001
667777777S01G01234001    04/06/2001  $ 2,102          GROSS
                                     $    62          FEE
                                     $ 2,040          NET
                                     $     0          NET ADJUSTMENT

JOHNSON, JIM             1 A                          BOOKED          04/26/2001
111222222S01G01234001    04/14/2001  $      0         GROSS
                                     $      0         FEE
                                     $      0         NET
                                     $ -2,000         NET ADJUSTMENT

SMITH, BOB               1 A                          BOOKED          04/26/2001
222111111S01G01234001    04/14/2001  $      0         GROSS
                                     $      0         FEE
                                     $      0         NET
                                     $ -1,320         NET ADJUSTMENT

MATSLER, STEVE           1 A                          BOOKED          04/26/2001
773333333S01G01234001    04/14/2001  $      0         GROSS
                                     $      0         FEE
                                     $      0         NET
                                     $ -1,680         NET ADJUSTMENT

SCHMIDT, JEAN            1 G                          UNBOOKED 4
776666666S01G01234001    04/06/2001  $  2,061         GROSS
                                     $     61         FEE
                                     $  2,000         NET
                                     $      0         NET ADJUSTMENT
```

COMMON REASONS FOR DISCREPANCIES BETWEEN DLSAS CASH SUMMARY AND SCHOOL RECORDS

(Session 3, Page 26)

What are some of the causes of discrepancies between your DLSAS Cash Summary and your Business Office and/or Direct Loan records? Try to divide your ideas into cash issues and loan issues.

Cash Issues

1) timing of drawdowns 2) drawdowns allocated to the wrong year 3) drawdowns split between award years 4) excess cash returned for or applied to the wrong program year 5) excess cash returned that should have been a payment 6) funds used for a student in a different program 7) payment sent that should have been excess cash 8) funds originally drawn down in one program for one student disbursed to another student in a different program year

Loan Issues

1) Timing of booked loans 2) unsent/unacknowledged disbursement batches 3) disbursements recorded in the school's accounting system, but not in its Direct Loan system 4) school data loss 5) unbooked records

RECONCILIATION ROAD TEST—MONTH 2

(Appendix A, Pages 39-43)

BUSINESS OFFICE SYSTEM REPORT (MONTH 2)

Beginning Balance $55,000 **For Month Ending** May 31

CARD #	DATE	DRAWDOWNS	GAPS CONTROL #	EXCESS CASH	CHECK #	DISB	ADJ
M-2	2-May					$50,000	
M-4	5-May			$5,000	1105		
M-8	19-May	$30,000	200005190083				
M-9	23-May					$30,000	
TOTALS		$30,000		$5,000		$80,000	$0

Beginning Balance	+	Draw-downs	-	Excess Cash	-	Disburse-ments	-	Net Adjustments	=	Ending Cash Balance
$55,000	+	$30,000	-	$5,000	-	$80,000	-	$0	=	$0

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DIRECT LOAN SYSTEM REPORT (MONTH 2)

Beginning Balance $65,000 **For Month Ending** May 31

Beginning Unbooked (YTD) $15,000

CARD #	DATE	DISBURSEMENTS		ADJUSTMENTS	
		Unbooked	Booked	Unbooked	Booked
M-1	1-May			($5,000)	
M-3	3-May	$50,000			
M-7	18-May	($45,000)	$45,000		
	18-May			$5,000	($5,000)
M-10	23-May	$30,000			
TOTALS		$35,000	$45,000	$0	($5,000)

Beginning Balance	+	**Draw-downs***	-	**Excess Cash***	-	**Disburse-ments**	-	**Net Adjustments**	=	**Ending Cash Balance**
$65,000	+	$30,000	-	$5,000	-	$45,000	-	($5,000)	=	$50,000

Get Drawdown and Excess Cash totals from the Business Office Records to insert into the above equation.

Remember, only **booked** disbursement records are included in the Ending Cash Balance at the LOC.

Beginning Unbooked	+	**Month End Total Unbooked**	=	**YTD Ending Unbooked**
$15,000	+	$35,000	=	$50,000

RECONCILIATION WORKSHEET FOR SIMULATION

For Month Ending: May 31

	SCHOOL'S BUSINESS OFFICE:		SCHOOL'S DIRECT LOAN:		DIFFERENCE:	NOTES:
Beginning Balance		$55,000		$65,000	$10,000	
Drawdowns	$30,000		$30,000		$0	
Excess Cash Returned	$5,000		$5,000		$0	
Total Net Cash Receipts		$25,000		$25,000		
Disbursements	$80,000		$45,000	BOOKED	$35,000	
Adjustments	$0		($5,000)	BOOKED	$5,000	
Total Disbursed		$80,000		$40,000		
Ending Cash Balance		$0		$50,000	$50,000	

	SCHOOL'S DIRECT LOAN:		LOC DLSAS:		DIFFERENCE:	NOTES:
Beginning Balance		$65,000		$65,000	$0	
Drawdowns	$30,000		$0		$30,000	
Excess Cash Returned	$5,000		$5,000		$0	
Total Net Cash Receipts		$25,000		($5,000)		
BOOKED						
Disbursements	$45,000		$75,000		$30,000	
Adjustments	($5,000)		($5,000)		$0	
Total Disbursed		$40,000		$70,000		
Ending Cash Balance		$50,000		($10,000)	$60,000	

UNBOOKED: YEAR TO DATE	SCHOOL'S UNBOOKED DIRECT LOAN:		LOC DLSAS:		DIFFERENCE:	NOTES:
Disbursements	$50,000		$20,000		$30,000	
Adjustments	$0		$0		$0	
Total Unbooked		$50,000		$20,000	$30,000	

RECONCILIATION ROAD TEST: MONTH 2 WRAP-UP

(Appendix A, Pages 45-46)

Month 2 Wrap-Up Questions

1. What is the Ending Cash Balance (ECB) according to the Direct Loan system?

$50,000

2. What is the Ending Cash Balance according to the Business Office system?

$0

3. What reason(s) can you give for the difference(s) between the Direct Loan and Business Office systems' Ending Cash Balance?

The Direct Loan System shows unbooked loans in the amount of $50,000.

- ***$20,000 remains unbooked due to missing promissory notes.***
- ***The disbursement records for the $30,000 disbursed May 23 remain unbooked; they were transmitted May 24, but they have not been received and imported.***

4. What action(s) does the school need to complete to resolve its discrepancies?

- ***The FAA needs to follow up on the promissory notes overnighted May 31 and make sure they are accepted and the acknowledgements and booking notifications are received and imported.***
- ***The FAA needs to receive and import all disbursement acknowledgements and booking notifications to book the May 23 disbursements.***

5. What is the Ending Cash Balance according to the LOC?

$(10,000)

RECONCILIATION ROAD TEST: MONTH 2 WRAP-UP

(Continued)

6. What reason(s) can you give for the difference(s) between the Direct Loan system's Ending Cash Balance and the LOC's Ending Cash Balance?

This one is a little tricky. The difference in unbooked between the school and the LOC is $30,000, but the difference between the ECBs is $60,000.

- *Assuming that the $30,000 books, there is still a $30,000 discrepancy.*
- *The $30,000 discrepancy is due to an allocation error in GAPS.*

7. What action does the school need to take to resolve the $30,000 discrepancy?

The Business Office needs to reallocate $30,000 in GAPS from the 1999-00 academic year to the 2000-01 academic year.

WHEN IS A SCHOOL CONSIDERED CLOSED OUT?

(Session 4, Page 4)

Even if a school receives a closeout letter, it is not considered closed out until all the school's information for an entire year is reconciled with the LOC and both the LOC and school have an ending cash balance of zero.

ADVANTAGES LOST BY NOT RECONCILING MONTHLY

(Session 4, Page 6)

- *Unable to remember outstanding issues*
- *30-day reporting requirement may not be met*
- *No documentation of meeting monthly reconciliation requirement*
- *Borrowers may be unhappy because their loans have not booked in a timely manner and they have not been notified of opportunities to pay interest that accrues on their loans*

ADVANTAGES GAINED BY RECONCILING MONTHLY

(Session 4, Page 6)

- *Problems are resolved as they occur*
- *30-day reporting requirement is met*
- *Loans are booked timely and borrowers receive Welcome Letter on a timely basis*
- *Only have one more month to reconcile at the end of the processing year*
- *Compliance requirement for monthly reconciliation is met*
- *Can document monthly reconciliation efforts for audit purposes*

CLOSEOUT YTD RECONCILIATION WORKSHEET

As of: 7/1/2001

		SCHOOL'S BUSINESS OFFICE:	SCHOOL'S DIRECT LOAN:	DIFFERENCE:	EXPLAIN DIFFERENCES &/OR REASONS FOR ECB:
	Beginning Balance	$0	$0	$0	
YTD:					
	Drawdowns	$ 139,900	$ 139,900	$0	
	Excess Cash Returned	$ (12,060)	$ (12,060)	$0	
	YTD Total Net Cash Receipts	$ 127,840	$127,840	$0	
	Net Disbursements	$ 139,900	$ 129,260 (Booked)	$ 10,640	$7640 net disbursements were rejected at the LOC.
	Net Adjustments	$ (12,060)	$ (12,060) (Booked)	$0	
	YTD Total Disbursed	$ 127,840	$117,200	$ 10,640	$3000 disbursement was not recorded on the Direct Loan System.
	Ending Cash Balance	$0	$ 10,640	$10,640	

		SCHOOL'S DIRECT LOAN:	LOC 732 LOS:	DIFFERENCE:	EXPLAIN DIFFERENCES &/OR REASONS FOR ECB:
	Beginning Balance	$0	$0	$0	
YTD:					
	Drawdowns	$ 139,900	$ 109,900	$ 30,000	$30,000 was recorded in 1999-2000 instead of 2000-01.
	Excess Cash Returned	$ (12,060)	$ (12,060)	$0	
	YTD Total Net Cash Receipts	$ 127,840	$ 97,840	$ 30,000	
	Disbursements	$ 129,260 (Booked)	$ 129,260 (Booked)	$0	
	Adjustments	$ (12,060) (Booked)	$ (12,060) (Booked)	$0	
	YTD Total Disbursed	$ 117,200	$117,200	$0	
	Ending Cash Balance	$ 10,640	$(19,360)	$30,000	

	UNBOOKED:	SCHOOL'S DIRECT LOAN:	LOC 732 LOS:	DIFFERENCE:	EXPLAIN DIFFERENCES &/OR REASONS FOR UNBOOKED:
	Beginning Balance	$0	$0	$0	
YTD:	Disbursements	$ 7,640	$0	$7,640	$7640 is not booked because of rejected disb.
	Adjustments	$0	$0	$0	
	YTD Total Unbooked	$ 7,640	$0	$7,640	

COMPLETED ACTION ITEM LIST FOR SIMULATION

(Appendix A, Page 75)

Action Item	Action Date	Responsible Office	Completed?
Move $30,000 drawdown from the 1999-2000 program year to 2000-01. (If you are an Option 1 or Standard Origination school, the funds will need to be moved by the LOC or Direct Loan Operations.)	7/3/01	Business Office	
Record 2nd disbursement of $3,000 for Donna Donaldson in Direct Loan system.	7/2/01	FAA	
Resolve rejected disbursements for Mary Merritt ($5000) and Jody Fallon ($2640).	7/2/01	FAA	
Batch disbursements.	7/3/01	FAA	
Transmit disbursement batch to the LOC.	7/3/01	FAA or Systems	
Import disbursement acknowledgements.	7/5/01	FAA or Systems	
Resolve any rejects.	To be determ.	FAA	
Verify that all changes are reflected in next 732-LOS, all loans are booked, and ending cash balance is zero by going through the closeout process again.	To be determ.		
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IDLE CASH SCENARIOS (Appendix B, Page 36)

Sheila receives a loan disbursement but decides to return a portion of the disbursement three months later because she doesn't need it. What does the school do with this idle cash?

Scenario 1: The school leaves the funds in its Title IV account and does not send them as a prepayment to the Direct Loan Servicing Center (note: this is the recommended course of action).

Question 1. Should the school adjust the disbursement **downward** on the school's Direct Loan System? ***YES***

Question 2. Should the school send idle funds to the **LOC** within 7 days?

A. Option 1/Standard schools: ***YES—funds are borrower specific***

B. Option 2 schools: ***DEPENDS—can return the funds or disburse the funds to another eligible student***

Scenario 2: The school sends a check with borrower information to the Direct Loan Servicing Center as a prepayment on Sheila's loan (note: being disadvantageous to the student, this course of action is not recommended).

Question 1. Should the school adjust the loan record in the school's Direct Loan System? ***NO***

Question 2. Should the school send money to the LOC? ***NO***

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120-DAY RULE SCENARIOS (Appendix B, Page 38)

Scenario 1A: Carlos receives a loan disbursement but decides to return a portion of the disbursement to the school within 120 days of disbursement because he doesn't need it.

Question 1. Should the school adjust the loan in its Direct Loan System? ***YES***

Question 2. Should the school send unused funds to the LOC? ***YES***

Question 3. Should the student be charged interest and origination fees? ***NO***

Scenario 1B: Linda receives a loan disbursement but decides to return a portion of the disbursement to the school more than 120 days after disbursement because she doesn't need it.

Question 1. Should the school adjust the loan in its Direct Loan System? ***NO***

Question 2. Should the school send unused funds to the LOC? ***NO***

Question 3. Should the student be charged interest and origination fees? ***YES***

Scenario 2: The school calculates a return of Title IV funds for Daryl. More than 120 days have passed since the loan was disbursed to him.

Question 1. Should the school adjust the loan in its Direct Loan System? ***YES***

Question 2. Should the school send unused funds to the LOC? ***YES***

Question 3. Should the student be charged interest and origination fees? ***NO***